

JPRS-WER-87-058

7 JULY 1987



**FOREIGN  
BROADCAST  
INFORMATION  
SERVICE**

---

# ***JPRS Report***

# **West Europe**

---

7 JULY 1987

## WEST EUROPE

### CONTENTS

#### POLITICAL

##### DENMARK

Socialist People's Party Congress Backs Coalition With SDP (AKTUEL, 30 Apr 87; BERLINGSKE TIDENDE, 16, 18 May 87)	1
Factors Behind Party's Success, by Erik Meier Carlsen	1
Chairman Criticizes SDP 'Arrogance', by Per Lyngby, Morten Larsen	5
Strange Defends Opposition Role	6
'Soft Line' Proponents Victorious, by Per Lyngby, Morten Larsen	7
Gert Petersen Profiled, by Per Lyngby, Morten Larsen	10
Conditions for Coalition Unclear, Editorial	11

##### DENMARK/GREENLAND

Town Exemplifies Home Rule Goals for Economy, Greenlandization (Ole Dall; BERLINGSKE TIDENDE, 21 May 87) .....	13
Polar Party Stresses Economy Privatization, Alcohol Control (GRØNLANDSPOSTEN, 6 May 87) .....	16
Opposed to Government Policies	16
Paper Views New Party, Editorial	18

##### FINLAND

Communist Newspapers Comment on Holkeri Government (Editorials; TIEDONANTAJA, 24, 28 Apr 87; KANSAN UUTISET, 30 Apr 87) .....	20
---	----

Impact on Foreign Policy	20
Stalinist Organ Criticizes SDP	21
Eurocommunist Organ Assesses Program	22
Sorsa's Future Role Pondered	23
Holkeri: Coalition Failure Would Mean End to 'Consensus Finland' (UUSI SUOMI, various dates) .....	24
Holkeri Views New Government, Harri Holkeri Interview	24
Opposition Parties' Challenges Viewed, Editorial	32
Soviet Diplomat Approves Government, by Visa Huittinen	33
Deryabin Statement Assessed, Editorial	34
GREECE	
Series of Scandals Reported in State Companies (Various sources, various dates) .....	35
Background of KYDEP Irregularities	35
Distancing of Agriculture Ministry	37
PROMET Activities	39
PROMET Investigation	39
PROMET Debts Listed, by Ilias Georgakis	42
PORTUGAL	
Soares Believed To Favor Centrist Bloc for 1991 (Marcelo Rebelo de Sousa; SEMANARIO, 16 May 87) .....	46
Shift in Ideology of Youth Examined (Rui Camacho; TEMPO, 14 May 87) .....	50
SPAIN	
Briefs	
Cool Relations With Arab Countries	52
MILITARY	
EUROPEAN AFFAIRS	
Uncertainties Still Dog French-German Helicopter Project (Wolfgang Hoffmann; DIE ZEIT, 27 Mar 87) .....	53
DENMARK	
NATO's Military Committee Chief Assures on Reinforcements (Nils Eric Boesgaard; BERLINGSKE TIDENDE, 20 May 87) ....	57
ITALY	
Ex-Intelligence Official Arrested for Illegal Arms Sales (Giorgio Cecchetti; LA REPUBBLICA, 18 Mar 87) .....	58

Officers Protest Salaries (Pierluigi Ficoneri; L'ESPRESSO, 5 Apr 87) .....	60
---	----

## SPAIN

### Briefs

Pyrenees Military Region Defined	65
New President for Arms Firm	65
F-5 Aircraft Modernization	66

## ECONOMIC

### FEDERAL REPUBLIC OF GERMANY

Tax Revenue Estimates Reduced (HANDELSBLATT, 21 May 87) .....	67
--	----

### ITALY

Sardinia Suffers Record Drought (Giovanni Maria Bellu; LA REPUBBLICA, 15 May 87) .....	68
---	----

### PORTUGAL

Unemployment Reaches Record Level in 1987 (O JORNAL, 22 May 87) .....	70
--	----

Family Savings Increasing, Contributing to Investments (DIARIO DE NOTICIAS/ECONOMIA, 18 May 87) .....	72
--	----

### TURKEY

#### Briefs

More on Preferential Trade System	74
-----------------------------------	----

## SOCIAL

### ITALY

Returned Expedition Reports on Antarctic Stake (Guiseppe D'Avanzo; LA REPUBBLICA, 12 Mar 87) .....	75
---	----

### PORTUGAL

Sociologists See Advantages in Expatriates' Return (Fernando Dacosta; O JORNAL, 15 May 87) .....	78
---	----

/9987



## SOCIALIST PEOPLE'S PARTY CONGRESS BACKS COALITION WITH SDP

## Factors Behind Party's Success

Copenhagen AKTUELT in Danish 30 Apr 87 p 12

[Article by Erik Meier Carlsen]

[Text] The political breakthrough of the Socialist People's Party is the result of strong underlying social changes, which, by no means, have culminated, researchers say.

In the future picture of Danish politics are three major political groups, three large parties in the Folketing: the Socialist People's Party, the Social Democratic Party and a nonsocialist group.

The current political situation, where the Social Democratic Party and the Socialist People's Party are on the verge of conquering the political majority, merely represents a temporary peak of a persistent underlying trend which strongly indicates that both of these two parties will have a quite dominant place in the future party picture, where, at the most, one of the nonsocialist parties will attain a strength that may be comparable to that of the Social Democratic Party and the Socialist People's Party.

These are the unanimous conclusions of the researchers who of recent years have dealt with long-term trends in electorate developments.

## Growing by 1 Percent Annually

"The trend is clear, the left-wing in Danish politics from the Social Democratic Party and to the Left is growing by a total of 1 percent annually," says Jørgen Goul Andersen, Århus University.

"The Socialist People's Party gains 1.5 percent annually and the Social Democratic Party loses 0.5 percent. The reason why the majority of the Social Democratic Party and the Socialist People's Party is in the balance today is primarily that there are still two to three competing parties in the extreme Left wing. That is why the total Left wing needs 52-53 percent to obtain the parliamentary majority.

According to Goul Andersen and two of his colleagues at Århus University, Palle Svensson and Lise Tøgeby, who recently published a major electorate study on the political changes in Denmark, the progress of the Socialist People's Party is a reflection of the fact that a new, strong and growing social group or class has made its large-scale entry into Danish politics: the intermediate layers, the big new groups of employees within the public sector, the entry of women into the work market and the education of hitherto unknown large sections of the post-war generations.

These groups display a pattern of political positions that are markedly different from those of the older generations.

#### New Patterns

A number of polls carried through by the two above-mentioned researchers show a clear picture of the new pattern:

An examination of the party affiliations among voters below the age of forty, among women, among salaried employees within the public sector, among those with medium-level educations (3-4 years of education at a university), and among those with the highest education, shows a definitely extremely high support for the parties to the left of the Social Democratic Party.

Tøgeby and Svensson have no doubts: "It is our impression that there has been a restructuring of the party system over the last few years and that this is a consequence of the major economic and social changes that have taken place in the Danish society since World War II. Expressed in more concrete terms, we find that recent years have seen the establishment of a relation between the new intermediate strata and the parties in the Left wing, as a result of which new class parties have developed next to the old class parties.

The Left wing, and in this context in particular the Socialist People's Party, has with remarkable adaptability assumed the place as the party or parties of the new intermediate strata.

#### Young Voters

Tøgeby/Svensson's large study started in 1979, when the breakthrough of the Socialist People's Party began.

They find that the Left wing among young voters is clearly the largest party group with the support of 36 percent, next come the Social Democratic Party with 34 percent and the nonsocialist parties with a total of 30 percent. Among young people with a baccalaureate the distribution is 59 percent to the Left wing, 17 percent to the Social Democratic Party and 25 percent to the nonsocialist parties.

Goul Andersen has presented a number of more recent studies which clearly confirm the trend, although the basis is less comprehensive.

The support for the Left wing among voters below the age of 30 has since 1975 been close to one third, and since 1984 the same share has appeared among voters between the ages of 30 and 40. The support for the Social Democratic Party among these age groups has dropped from well over 40 to nearly 30 percent.

But, together, these two parties have a support among the post-war generations of clearly upwards of 50 percent.

The fact that women have entered the work market as well as their more independent party choices seem to support the trend. Among women below the age of 30, the support for the workers' parties, i.e. the Social Democratic Party plus the Left wing, was in 1984 64 percent, while the corresponding figure for men was 53 percent.

Opinion polls in 1985 showed a support among salaried employees within the public sector of 30 percent for the Left wing and 30 percent for the Social Democratic Party.

The interesting thing about this development is the regularity and the stability of this trend.

#### No Indication of New Trends

"Of course, new trends may appear which will upset the party picture, as we experienced in 1973. But there are no indications of it. These trends toward a change are very stable," says Goul Andersen.

"The Danish party system will hardly be as stable again as it once was," say Togeby and Svensson. "Nevertheless, there is reason to assume that we are now moving toward a new stability, with a reasonable agreement between social classes, ideology and party choices. Here, well over 25 percent of the votes will probably be given to the Left-wing parties, well over 25 percent to the Conservatives, while the remaining 20-25 percent will be distributed among the other parties."

The possibilities of the Social Democratic Party in the changed situation has given both groups of researchers occasion for reflection.

Over a number of years, the Social Democratic Party has been losing support, partly within the working class but especially among salaried employees. Most threatening to the party's future strength, however, is the loss of support among the groups of younger voters.

#### Missing the Boat

In their evaluation, Togeby and Svensson suggest that the party will be missing the boat if in this situation it pays too much attention to the new intermediate strata.

Togeby and Svensson find that the most serious aspect of the situation of the party is that it "entirely seems to have lost the ability to mobilize the young people of the working class, and there are definitely no other parties that have taken over that role."

The mobilization has traditionally taken place through the trade union and party work, which create strong political positions and interests. Today the Social Democratic Party has an electorate that is more passive, less knowledgeable and less politically interested than other voters, the researchers concluded.

The new intermediate strata have got their Left-wing oriented opinions via other channels, where especially participation in the so-called grassroots movements plays a very central role. But it is the opinion of Togeby and Svensson that the grassroots work onesidedly appeals to people with considerable resources in the form of education and social position.

#### Efforts

Social Democratic efforts to compete with the Socialist People's Party for the new intermediate strata and the grassroots movements, therefore, may furthermore jeopardize the party's traditional basis in the working class. And without any particularly promising prospects of winning the competition for the new intermediate strata.

In their argumentation, Svensson and Togeby have, among other things, drawn the attention to the Swedish Social Democratic Party, which appears far more successful in its further mobilization of the working class in trade union and party activities than its Danish sister party.

In this respect, Goul Andersen disagrees with his colleagues. "I do not believe that there is any possibility of achieving results in expanding the party apparatus. The former loyalty support behind the Social Democratic Party cannot be recreated. On the other hand, I do not believe that it will be too difficult entering into competition with the Socialist People's Party for the new intermediate strata. During the last few years, the two parties have approached one another to such an extent, as far as their positions are concerned, that it simply will become a competition in demonstrating which party is best in concrete politics. During the last few years, the Social Democratic Party has shifted toward the Left without losing any voters. Compared to what we have seen in Germany, where the emergence of the Greens has caused losses to the SPD both to the Right and the Left, we in this country are in a way further advanced in a political process where the viewpoints of the Greens are integrated into the traditional Right-Left pattern, where they actually fit excellently," Goul Andersen says.

The long-term trend toward a tripartition of the political pattern is clear but, as Goul Andersen puts it, under the strong influence of political events.

If the Social Democratic Party and the Socialist People's Party will form the majority after the election, the mutual rapprochement of the parties will have to be tested in practical politics, and the risk of disappointments and repercussions is considerable.

But, in all likelihood, they will not obtain the majority this time, and there will then be a strong pressure to establish a cooperation in the center of Danish politics. But the center in the new triangle in Danish politics is interestingly not in the connecting line between merely two of the new centers. It is located at a place that is hard to pinpoint between all three of them.

#### Chairman Criticizes SDP 'Arrogance'

Copenhagen BERLINGSKE TIDENDE in Danish 16 May 87 p 7

[Article by Per Lyngby and Morten Larsen]

[Text] "It is apparently the Socialist People's Party alone that has to do the work in a workers' majority," says Gert Petersen, chairman of the Socialist People's Party. The Social Democratic Party is too "arrogant and too full of ultimatums." Ritt Bjerregaard (Social Democratic Party) is not concerned about the criticism.

The Socialist People's Party is tired of being proudly displayed by the Social Democratic Party.

That is why many members of the Socialist People's Party now feel like making a foray into the Social Democratic electorate, it appeared from the national congress of the Socialist People's Party, which started yesterday in Ballerup.

Gert Petersen, party chairman, does not want to go as far as that, but he said, however:

"Sorry if it sounds pretentious, but the Socialist People's Party is apparently the only party ensuring gains for the entire camp of workers' parties and bringing the workers' majority within reach."

He said it would be "objectionable and not right" for the Social Democrats in a workers' majority to want to cooperate with the nonsocialists.

"Whereupon the Social Democrats present an economic program, which even a child will see will be rejected by the nonsocialist middle parties. One of the reasons being that the main item has been taken from the program of the Socialist People's Party," the chairman of the Socialist People's Party pointed out.

The worst thing, however, is the "arrogant, ultimative attitude" of the Social Democratic Party, he added. The "we alone know" attitude, that the Socialist People's Party will have to cooperate on the basis of the Social Democratic program "Denmark for the Entire People."

"I do not believe that our Social Democratic friends are stupid. But they are uncertain and may be afraid of being unable to retain their voters in the Right wing," Gert Petersen said.



He rejected the idea of a Social Democratic minority government as an alternative to the Four-Leaf-Clover government. A workers' majority is the only alternative.

"Many of the abuses for which the Schluter government is mainly responsible actually first appeared--though to a limited extent--under the last Social Democratic minority government. It happened because it had to maneuver in a Folketing with a nonsocialist majority," Gert Petersen pointed out.

Ritt Bjerregaard (Social Democratic Party) does not take the statements made by the chairman of the Socialist People's Party seriously.

"Gert Petersen tries to calm down the fanatical forces within the Socialist People's Party. His statements are primarily intended for internal use within the party," she tells BERLINGSKE TIDENDE.

If a workers' majority is created after the next election, this will not be tantamount to a socialist revolution," Gert Petersen pointed out.

"We must not create expectations of any particularly miraculous talents within the workers' majority," he told the 305 delegates of the Socialist People's Party. "We must not be too busy, the coming workers' majority must limit its tasks. But we have to pursue as daring a policy as possible within the given framework."

The chairman of the Socialist People's Party said that the workers' majority cannot escape a far-reaching social redistribution for the benefit of the low-income groups.

#### Strange Defends Opposition Role

Copenhagen BERLINGSKE TIDENDE in Danish 16 May 87 p 7

[Text] "The Socialist People's Party has not lost the 5 years under Schluter." This statement was made by Ebba Strange of the Socialist People's Party. She thus alluded to a notorious Social Democratic election poster, which mentions the 5 lost years. And, involuntarily, puts the blame on Anker Jørgensen.

"We have spent the last 5 years in an endeavor to intensify and develop our policy in all areas and in training ourselves in acting politically--also in cooperation with others. That has contributed to creating confidence in the population," Ebba Strange said.

She added that the longer the Schluter government remains in power, the clearer it becomes that "it is from us that people expect the renewals. Schluter tries to appeal to a fear of socialists among the population to prevent gains of the Socialist People's Party. We show in our daily political work that we are the socialists who represent humaneness and broadmindedness and who have future visions incorporated in our policy," Ebba Strange said yesterday at the national congress of her party.

## 'Soft Line' Proponents Victorious

Copenhagen BERLINGSKE TIDENDE in Danish 18 May 87 p 4

[Article by Per Lyngby and Morten Larsen]

"We will not be ultimative. That does not mean that we are not making demands. But the Social Democratic Party will have to learn from it instead of repeating that a cooperation between the Social Democratic Party and the Socialist People's Party will have to be based on their program and on nothing else."

The above statement was made by the chairman of the Socialist People's Party, Gert Petersen, to BERLINGSKE TIDENDE following the party's national congress in Ballerup during the Bededag [fourth Friday after Easter] holidays.

[Question] Do you think that the Socialist People's Party can manage a government cooperation with the Social Democratic Party?

[Answer] That will entirely depend on the basis for the government cooperation. At the national congress, we have received a number of directions from the delegates on the basis we must strive for. At the same time, it has been established that we must not negotiate ultimatively. It is thus no prerequisite for our participation that our basis is adopted completely on all points.

[Question] You do not fear a split of the party?

[Answer] No. I, naturally, expect a number of discussions and heated votings off and on. But I am certain that much solidarity has developed within our party and--what is most important--that we are well prepared for a cooperation this time. Contrary to previously.

[Question] Compared to the last national congress, has the atmosphere been rather restrained.

[Answer] You are welcome to be undiplomatic and call it dull.

[Question] What was the reason for that?

[Answer] Because a number of the tensions existing at the national congress last year apparently have been resolved in the course of the year. Among other things through very careful discussions on the workers' majority. All party associations have been involved.

Our positions have been carefully prepared. And that is why the delegates are agreed on the main line. The result is that things become rather dull. But I prefer that. For it shows that we are in agreement and an effective political force.

[Question] Do you sense greater self-confidence within the party?

[Answer] Yes, I do. The very amicable relations are a reflection of greater self-confidence. When things are dramatic, it is a reflection of a feeling of inferiority. I have in particular felt the self-confidence in the debate on the workers' majority. Whereas it was the other way around in the debate on the organizational report. When dealing with organizational issues, our self-confidence is not very great.

[Question] Have you felt it was your task to damp the self-confidence somewhat?

[Answer] Yes, I have off and on made it my task. But I do not find that I have done it very effectively.

[Question] Do you make deliberate efforts to be moderate?

[Answer] Yes, as mentioned earlier, we do not want to be ultimative. And I find that it is an enormous strength with us that we have reached that conclusion. We do not say that it is either this or nothing at all. We have seven main areas on which we want compliance. We then have to see to what extent we shall be able to persuade the Social Democratic Party to comply with our requests.

[Question] Do you believe in a cooperation between the Social Democratic Party and the Socialist People's Party if there is a workers' majority but the Social Democratic Party has not been strengthened in the election?

[Answer] Yes, I do. It cannot be avoided. Even the Social Democratic voters will expect the majority to be used. Otherwise, I believe that things will be even worse for the party. But the situation, of course, is not the healthiest basis on which to create a workers' majority.

[Question] Does the Socialist People's Party feel tempted to make forays into the electorate of the Social Democratic Party?

[Answer] No, and we have never done that. But we cannot, of course, prevent some of the voters of the Social Democratic Party from voting for the Socialist People's Party, Gert Petersen said.

#### Socialist People's Party Adhering to Soft Line

The Socialist People's Party will not again give the Social Democratic Party the possibility of accusing the Socialist People's Party of overbidding and maintains that the Socialist People's Party does not make any ultimative demands of a government cooperation. The Socialist People's Party forced through defense policy restrictions.

Despite many hard words on the Social Democratic Party, the Socialist People's Party adheres to its soft line. With a majority of two-thirds of the delegates, the Socialist People's Party yesterday rejected all attempts to tighten



the demands of the policy to be pursued by a government composed of the Social Democratic Party and the Socialist People's Party to the extent that the Social Democratic Party will be given new possibilities of making its contribution to the project.

At no point in its last national congress prior to the election did the Socialist People's Party underline certain issues in its platform. All proposals can be negotiated, and the party's only ultimative demand will be that the Socialist People's Party will want concessions in a wide area, in proportion to the number of seats the voters give the party.

The only serious attempt to put a stop to things was made by Jens Thoft, M.P., Århus. His attempt failed when the national congress with 175 votes against 98 rejected the proposal to demand the removal of every form of cost-of-living index regulation of defense expenditures.

However, he does not himself regard this as any failure, for his proposal caused sufficient concern within the party leadership to cause it to include a limitation of the automatic cost-of-living increase in the defense expenditures in the proposal of the Socialist People's Party for a government policy of the Social Democratic Party and the Socialist People's Party.

The result was that the Socialist People's Party will make two proposals with regard to the defense expenditures if it comes to negotiations on a government cooperation: In terms of fixed prices, they will have to be reduced by 10 percent, and they shall only be subject to cost-of-living regulations on the basis of the domestic price and wage levels.

The Socialist People's Party thus proposes to abolish the specially favorable cost-of-living regulation of the Defense Establishment, which also takes into consideration fluctuating currency rates and technological developments. The introductory report of the executive committee to the national congress only mentioned the 10 percent reduction.

If a government cooperation after the election becomes topical, the Socialist People's Party bases its decision on the basis of a total consideration of the result of the negotiations. The party is prepared to accept minor concessions in one area if the Social Democratic Party makes several concessions in other areas.

The only demand is that the Social Democratic Party will make concessions in a wide area covering seven main areas: the labor market policy, social recovery and improvements, environmental and resource policy, giving priority to the environment over everything else, equality policy, democratization policy, coordinated economic policy and a security policy involving disarmament and independent Danish action to further relaxation.

Social Democratic Reaction: Sensible

"It looks as if the moderates have prevailed within the Socialist People's Party. Things look very sensible."

This was the reaction of Anker Jørgensen, chairman of the Social Democratic Party, when the national congress of the Socialist People's Party concluded without the delegates causing any further obstruction of a cooperation between the Social Democratic Party and the Socialist People's Party.

"The Socialist People's Party has not gone beyond its familiar demands in seven main areas, and in most cases it is covered by the policy we stand for," Anker Jørgensen said. He is ready to cooperate with the Socialist People's Party and says that if the Social Democratic Party and the Socialist People's Party can find a basis, "it definitely will have to be negotiated seriously."

"After this national congress, things look more realistic," Anker Jørgensen said.

#### Gert Petersen Profiled

Copenhagen BERLINGSKE TIDENDE in Danish 18 May 87 p 4

[Article by Per Lyngby and Morten Larsen: "The Big Helmsman"]

[Text] The members of the Socialist People's Party humorously refer to Gert Petersen as the big helmsman. But even to Gert, the chairman, the sea may become too rough, and he then says so without beating about the bush, as when recently he became angry on TV.

The reaction is typical of Gert Petersen in the sense that he is entirely unimpressed by the fact that with him at the helm, the Socialist People's Party has steadily and quietly grown into a party that the Social Democratic Party has to take seriously.

Not many have given him a chance to manage that task. The Socialist People's Party was in a trough of the waves when in 1974 he took over the helm after Sigurd Ømann. In a boat in which the space increased as the number of seats in the Folketing and the number of members diminished.

In 1977, the party reached its rock-bottom level with only 3.9 percent of the vote. This confirmed the feeling among many outside the party that Gert Verner Petersen, reporter, speaker and theorist, did not have sufficient stature and weight to resurrect and renew the Socialist People's Party.

Gert prefers to credit everybody else with the fact that they succeeded.

Normally he is in good spirits and able to see the beam in his own eye, but his smile became strained when last year in Letters to the Editor he was confronted with his own past within the youth organization of the Danish Nazi Party in 1941.

Later on he became a Communist and was one of the people launching the Socialist People's Party in 1959. And he has now got the opportunity to participate in the formation of the second Red cabinet--20 years after the first one capsized.

## Conditions for Coalition Unclear

Copenhagen BERLINGSKE TIDENDE in Danish 18 May 87 p 10

[Editorial: "List of Wishes of Workers' Majority"]

[Text] At its national congress over the Bededag holidays, the Socialist People's Party adopted a resolution on the so-called workers' majority, i.e., the minority in the Folketing composed of the Social Democratic Party and the Socialist People's Party which the Socialist People's Party hopes will be in the majority after the coming elections. The resolution states, among other things, that "in order to assume a government responsibility, the Socialist People's Party will have to have considerable influence, in proportion to the strength given us by the voters. This demand cannot be dispensed with."

Neither the most recent polls, nor statements from leading Social Democrats seem to indicate that the Socialist People's Party will get into a situation--nor after the election!--where it will be offered government power. But, of course, the risk is there--and a closer analysis of the demands, if any, of the Social Democratic Party on the part of the Socialist People's Party if a "workers' majority" would become a fact, may, indeed, serve to elucidate how incredibly bad things may go with such a majority.

In its resolution, the Socialist People's Party establishes that the challenges of the eighties "necessitate fundamental changes in the society in a socialist direction," for example, complete social restoration, a major reduction of the daily working hours with solidary wage compensation and full staff compensation, an industrial policy controlled by the government, industrial democracy, production by the public sector, a 50 percent representation of the society on the boards of banks and insurance companies, a reduction of the defense expenditures by at least 10 percent, and that Denmark shall cancel reinforcement agreements which make possible the supply of troops to Denmark in an emergency period. And how is the excessive policy of full social restoration to be financed? Quote: "As important tax policy initiatives we point especially to indirect taxes on trade in various securities, tax on capital gains, increase in company and property taxes, removal of a number of tax reliefs for business enterprises, an increase in the hydrocarbon tax, a current tax on unearned increments, the introduction of a differentiated added-value-tax (a reduction in the prices of vital goods), the specific taxes on luxury items, a surtax on large gross earnings and indirect taxes within the areas of the environment and resources." End quote.

It is these--more or less ultimative--demands that the Social Democrats will be faced with on the eve of the election should the workers' minority become a majority. For the time being, Gert Petersen, the chairman of the Socialist People's Party, has declined to pinpoint the ultimative demands. He is entirely within his full rights in doing so--also on TV. And in any circumstances, the answer of the Social Democrats ought to be a total dismissal. Both before and after the election.

The resolution adopted at the national congress of the Socialist People's Party on their big dream, a workers' majority, is a list of wishes that is out of touch with the political and not least the economic realities. That is why the reaction on the part of Gert Petersen, party chairman, is quite understandable.

7262

CSO: 3613/90

## TOWN EXEMPLIFIES HOME RULE GOALS FOR ECONOMY, GREENLANDIZATION

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 87 p 6

[Article by Ole Dall]

[Text] Christianshåb/Qasigiannnguit. The Jakobshavn glacier emits its bluish-tinted icebergs into the Disko Bay, from where they slowly waltz south past Christianshåb. From the windows of their homes the population watch the blue, open sea spread at the cost of the cover of ice. The snow bunting announces the approach of summer.

By means of dynamite and the maneuvers of fishing vessels, they attempt to clear an ice channel. Before long, the supply vessel will arrive to secure an open channel. The town will then be transformed:

Suddenly 170-180 people will return to the shrimp-processing factory, the unemployment rate will drop--the town will become revitalized.

In the words of Mayor Themothæus Frederiksen, the shrimp-processing factory is "the backbone of the town." Last year, they set a new record. A total of 5,400 tons of shrimp passed through the factory. The factory belongs under the home-rule government, which is both involved in trawling and production--as well as marketing via "Royal Greenland."

Jørgen Gundelach, head of the factory, is therefore chief of a state-owned production enterprise. He arrived from Denmark 5 years ago and feels at home in the town:

"We have good working conditions, and much money is spent on us. New technology is developed constantly, and I usually say that although I have been here for 5 years, it feels as if I have not been for 2 years in a row in the same enterprise.

During the last few years, efforts have been made to secure the industry. We have got cold storage plants, enabling us to stock in the good years for the bad years. At present, we are vulnerable. At the start of the season at this time of the year, we are compelled to introduce a landing stop, because



we get more raw materials than we can process. The cold storage houses enable us to extend the seasonal activities of the enterprise," Jørgen Gundelach says.

The chairman of the Greenland Confederation of Labor (SIK), Jens Lyberth, has previously said that there are, to some extent, problems with regard to the work morale in Greenland. Jørgen Gundelach says:

"I am one of the happy people in Greenland, for there are no major problems in that respect within this enterprise. When one delegates responsibility and keeps a close eye on new forms of production, the employees will work hard. But, of course, one must not have 100 tons of shrimp in stock that is getting too old on the day after confirmation celebrations in town! At first, I, too, probably made certain mistakes in my organization of the work and in the way I communicated with the staff. One has to keep in mind that the Greenlanders' ideas of how to do things may be just as right as ours."

#### No Drunks

The problems of crime and alcohol are under control in this town. Both Gundelach and the head of the police station, Niels Tønnesen, agree that it is due to the fact that there are no bars in the town. "I believe that the consumption is just as large as in other towns, but there are no bars in town that suddenly let out 50-100 drunks," says Jørgen Gundelach.

In the town with well over 1,700 inhabitants there were in 1986: 25 reported cases of assault, 45 cases of wanton destruction of property, and 1 case of murder. "It is my impression that 99 percent of the criminals were intoxicated," says Niels Tønnesen, chief of the police station, who, incidentally, mentions the possibility of introducing a Faroese regulation. "There, nobody owing money to the public is allowed to purchase alcohol."

The inhabitants of the town are not interested in getting a place licensed to serve alcohol. Themothæus Frederiksen has twice, though in vain, sought support for a hotel licensed to serve alcohol. At the moment, the Seamen's House is the only place in town with meals and overnight accommodation. "Don't kill yourself by drinking," it says on a poster in the Seamen's House.

"The most important thing is not a licence to serve alcohol but that the town gets a hotel. I am convinced that if we get a hotel, an arrangement could be made allowing the guests to drink alcohol with meals," says Mayor Themothæus Frederiksen of Siumut, which governs the country with the small left-wing party Ataqtigiit.

#### Bureaucracy

Landsstyret (the Greenland government), Landstinget (the Greenland Folketing) and the municipalities--in other words, the entire home-rule government--are regularly criticized for bureaucray. The mayor, who has sixty employees within his administration, says in response:

"Before I got into politics, I was engaged in administrative work--among other things, as postmaster. We were always told the amount of a grant, and we stayed within that framework. It is my opinion that there is a need for more rigid measures of control with regard to grants under the home-rule government. On the other hand, we live in a time of upheaval, where the home-rule government is taking over an increasing number of tasks, and shortages of funds may then arise."

Themothæus Frederiksen finds that the housing shortage and the unemployment rate ought to be the most important issues in the election campaign: "Unless we devote all of our efforts to these areas, the conditions within our society will become very unhealthy," he says.

The mayor and others may be gratified that the Greenlandization--the appointment of Greenlanders for leading positions--is proceeding quite well within his municipality. The acting municipal director is a Greenlander, and the same thing applies to the social services director. The chief of the police station, Tønnesen--the youngest chief of a police station in Greenland (32 years of age)--is also a Greenlander. "Greenlandization is slowly starting within our area of work. Ten out of the seventeen chiefs of police stations are Greenlanders," Niels Tønnesen says.

A general economic problem in the Greenland society are the outstanding rent, heating and power bills from tenants.

"The problem most certainly also exists within this municipality. Recent years have seen a decline in the number of instances where we have been forced to shut off the power supply. But as far as rents are concerned, we have, at present, quite a considerable number of outstanding bills," the mayor says.

#### Bingo and Banco

In what he refers to as "our beloved town," he stresses the vast activities of societies--not least in the area of sports. "It is of great importance for children and young people that they be involved in healthy activities in their spare time," says Mayor Frederiksen, pointing out, however, that they lack a sports center.

"The large number of people walking around in the evening bears witness to still another activity. The bingo-banco rage has taken over Greenland. In the small town, practically every evening there are games where people have the possibility of winning 5,000-10,000 kroner in cash.

Among other priorities, a solitary walk rates highest. "If one has got worries, one may go for a walk into the mountains or go sailing for a while. That has a remarkable liberating influence. The town is left behind," as Jørgen Gundelach puts it.

7262

CSO: 3613/88

## POLAR PARTY STRESSES ECONOMY PRIVATIZATION, ALCOHOL CONTROL

## Opposed to Government Policies

Godthaab GRØNLANDSPOSTEN in Danish 6 May 87 p 5

[Excerpt] Issittup-partiia [Polar Party] is extremely dissatisfied with the Siumut government's economic policy, which, in the opinion of the party, will gather everything under the central control of the home-rule government. But the party is now ready to implement an alternative economic policy under the slogan: Privatization Must Be Carried Through in Greenland. The party thus proposes privatization within various areas, such as the fishing industry, the workplaces, the transport sector and the housing construction sector.

Privatization is the governing idea of the party's political program, which was presented at the national congress last week in Nuuk, where the list of the party's candidates for the Greenland parliament was also presented.

## Floating Factory Plants

The Greenland population has itself developed the fishing industry without any economic burden to the society, the party program states. But they now want to place it under the home-rule government without considering the cost to the society.

The party finds that all species of fish will have to be produced in Greenland, not as semi-processed products as now but as fully processed products. As far as the shrimp fishing industry is concerned, obligatory landing quotas will have to be lifted. They reduce the earning possibilities of the private fishermen. For shrimp produced in plants on land sell for only half the price of shrimp cooked at sea.

Dinghy fishing is one of the hardest trades in Greenland, but it receives no public subsidies. The Issittup-partiia will endeavor to create better conditions for the dinghy fishermen.

The outlying districts are badly in need of development, and there is an extremely great need for floating factory plants to follow the fish supplies along the coast.



The party, moreover, plans to improve the conditions of the sealers, among other things, through a versatile exploitation of sealskins, as, for example, by starting the production of sealskins for furniture coverings.

#### Enterprises Liable to Taxation

The Issittup-partiia has ascertained that nearly 80 percent of the workplaces in Greenland of today belong under the public sector. That means that the home-rule government and the municipalities lose considerable revenues from taxation, since public enterprises are not liable to pay taxes. This development may be counteracted by having private enterprises liable to taxation take over the enterprises. The enterprises of GTO [Greenland Trade Department]--apart from the telecommunications services--might be taken over by private enterprises.

Privatization would also have to apply to the transportation of goods along the coast and across the Atlantic. It is too costly to the society for KNI [expansion unknown] to have the sole rights within the area of transportation, and the party will prepare the way for private enterprises to be awarded contracts to replace the KNI transport monopoly in order to create free competition in the area.

#### Optimum Tax Revenue

The tax revenue today averages 32 percent, but if one takes into consideration the far too high transport costs, which make the consumer goods unreasonably expensive, the proceeds do not deviate too much from the 50 percent applying in Denmark.

The Issittup-partiia finds that the tax revenue has already reached the optimum figure. In other words: the tax rate cannot be increased further without at the same time lowering the transport costs.

#### Education

The called-in labor force has more than doubled since the introduction of home rule, despite the high rate of unemployment prevailing in Greenland. Consequently, priority must be given to the permanent residents in filling the workplaces. The objective is to make Greenland self-sufficient, as far as labor is concerned, and this will be made possible via education, which therefore must be given high priority. The schools will have to start by providing education for the students in the country's own language, and once the students have become proficient in reading and writing their own language, they will start learning Danish and English.

The Issittup-partiia places great emphasis on vocational training, which, as far as possible, will have to take place in Greenland and be on a level with the corresponding training in Denmark.

## Housing Policy

In the opinion of the party, the shortage of housing facilities is the largest problem of Greenland today. 30-40 years ago it was possible to obtain loans for persons building their homes with their own hands, but today only the affluent are in a position to get their own houses through bank loans.

The party proposes the reintroduction of Section 2 in housing to a larger extent, and it must become possible for the population to build their own houses also in the urban areas.

Through loans from first-mortgage credit institutes, access must be opened for the construction of rowhouses for private citizens and for the purchase of owner-occupied apartments in apartment house construction projects. The housing problem may be reduced by way of voluntary savings for the purchase of own houses, and the party will work for this.

## Alcohol Restrictions

Another major problem is the alcohol abuse. Wanton destruction of property, which annually costs the society large amounts of money, is largely due to alcohol abuse. It also results in many broken marriages, murders, deaths, venereal diseases and interrupted educations.

Many measures have been attempted to reduce the abuse, but restrictions appear to be the most effective means. That is why the party advocates that restrictions be reintroduced as soon as possible throughout Greenland.

The Issittup-partiia is also aware of the increasing abuse of euphoriants and will work for wider measures of control. This will be done via the appointment of inspectors at harbors, warehouses, postal facilities and airports.

## Social Care

The Issittup-partiia is of the opinion that the circumstances of people who really need social assistance will have to be improved. One cannot indiscriminately squander the resources for social care. Instead, those who are able to work will have to be allocated jobs that they like. And it is important to make the workplaces attractive.

## Paper Views New Party

Godthaab GRØNLANDSPOSTEN in Danish 6 May 87 p 8

[Editorial: "Privatization, But to What Extent?"]

[Text] Greenland has got a new party, which is now nominating candidates for the elections on 26 May. The Issittup-partiia is definitely a right-wing party,

which, judging from its platform, is more right-wing oriented than Atassut. In the new party, the left-wing forces, which have ruled the country since the introduction of home rule in 1979, have got a competitor. The new party will, undoubtedly, now and then make life difficult for Siumut and IA.

The Issittup-partiia states that the Greenland policy will have to be changed radically. The party is of the opinion that the home-rule government has merely taken over the former role of the Danish state. The system of monopolies has by no means been abandoned, and centralization continues. Efforts are now made to concentrate all enterprises under the auspices of the home-rule government.

The Greenland society is ill-served by such a development, the Issittup-partiia claims. The party demands privatization of the fishing industry, the workplaces, the transport sector and the housing construction sector.

It is not strange that there has been a reaction to the centralization and socialization that have marked the Greenland policy during the last 7 years. The concept of privatization has been ill-favored since the introduction of home rule, and forces have now emerged to change developments radically.

Privatization is a good thing, but it is a question whether the small Greenland society has sufficient resources to implement privatization throughout the economy. Privatization within the housing sector and the fishing industry will probably be all right. But things will become difficult when it comes to privatization of the goods transportation sector. The monopoly of the home-rule government within this sector cannot be upset without major consequences to the standard price system. Private operation of the goods transport sector may have the effect that we shall be forced to accommodate the population of the entire country in, for example, four major urban areas.

The small population basis and the enormous expanse of the country place many restrictions on untraditional solutions. Greenland is like a small boy in much too big kamiks [sealskin boots]. And it is hard changing that fact.

7262

CSO: 3613/88

## COMMUNIST NEWSPAPERS COMMENT ON HOLKERI GOVERNMENT

## Impact on Foreign Policy

Helsinki TIEDONANTAJA in Finnish 24 Apr 87 p 2

[Editorial]

[Text] Will the government coalition now being worked out between the Conservative Party and the SDP [Social Democratic Party] affect foreign policy? Of course not, they reply. The mere question is inappropriate. Finland's official foreign policy line will continue to be a stable one under the leadership of the president, the SDP is the supporter and protector of the foreign policy line, the Conservative Party backs it, everybody backs it.

O.K. But is the formerly generally recognized truth that foreign policy is an extension of domestic policy no longer valid and that the conservativization of the domestic policy balance of power, for example, is also creating pressures for the conservativization of foreign policy? If this is true, the question as to whether the Conservative Party's joining the government will have an impact on foreign policy is warranted.

Judging from its behavior in terms of foreign policy, the Conservative Party is certainly not like the Conservative Party of old. But it is all the same the chief party of big capital, greater dependence on the West and conservatism in Finland and a member of the conservative parties' so-called Black International. The SDP's relations with this party have, nevertheless, been reassessed, which has meant a dramatic shift to the right in the SDP's own policy line.

And what about the effect of the Conservative Party-SDP axis on the political foundation of Finland's foreign policy line, on the forces that have traditionally supported that policy line? It is quite clear that the government's decision has stunned people and will seriously weaken the SDP's left-wing forces. The decision is dividing and has already divided the ranks of the Center Party (KEPU). KEPU leaders' conservative policy is certainly a contributing factor to this development.

As for the division and political weakening of the Communist and People's Democratic movement, it was a necessary precondition for the shifting of the general political balance of power to the Right and for the fact that the

leaders of the SDP now consider it to be to their advantage to jump on the conservative bandwagon.

It is also worth recalling how the TURUN SANOMAT, whose chief editor is influential Conservative Jarmo Virmavirta, argued for a government coalition between the Conservative Party and the SDP as early as last October. According to that newspaper, such a coalition would be necessary in changing "the doctrinal structure of Finland's foreign policy from one centered about a superpower," that is, one based on relations with the USSR, "to one oriented more toward Europe" and in "controlling the political consequences" of this change. The change was justified with the "Europeanization" of Finland's economic and trade policies, that is, on the basis of Westernization and the growing difficulties in our trade with the East.

The TURUN SANOMAT noted that the question of a Conservative Party-SDP coalition's impact on our foreign policy is "an extremely important and also an extremely sensitive one, so sensitive that it may even prevent this coalition."

Now, less than half a year later, it appears that it has not prevented it.

#### Stalinist Organ Criticizes SDP

Helsinki TIEDONANTAJA in Finnish 28 Apr 87 p 2

[Editorial: "SDP Is a Prisoner of the Use of Power"]

[Text] Having demanded that the party remain in the opposition and that SDP policy be radicalized right after the party's election defeat, left-wing Social Democrats have been singularly silent for a long time now. SDP leaders were actually authorized to construct a coalition government with the Conservative Party before they began to hear mild, albeit now from day to day growing criticism from the SDP left wing.

A surprisingly large number of left-wing Social Democrats have, moreover, also been ready to understand and agree to the decisions of their party leaders, to a coalition with the Conservative Party for the purpose of opposing the KEPU and its chairman, Paavo Vayrynen. They say that they are justified in punishing the KEPU.

While pummeling the KEPU and Vayrynen is only a tactic and a tool for the SDP leaders in the game of politics, many left-wing Social Democrats have internalized opposition to the KEPU as superceding everything else in importance and as a sacrosanct goal. The adoption of this stance, of course, merely serves SDP party leaders' power policy objectives.

Assistant City Manager Erkki Tuomioja, in whose opinion the SDP has become a prisoner of the use of power and committed itself to a game of power politics without any prospects, is the one who has criticized SDP leaders' decisions most sharply.

According to Tuomioja, who has criticized SDP leaders' policy for years now, discussion inside the party and party democracy have deteriorated. The party



has become incapable of even outlining an alternative radical reform policy line, much less of appearing as a credible champion of such a policy line.

Tuomioja, however, left his critique half-finished. Although he took an "extremely critical" view of the government coalition that is now materializing, Tuomioja did not, according to news reports, present an outright demand that a coalition with the Conservative Party be rejected. The assistant city manager did, indeed, think that the next government's policy "would, from the standpoint of the worker movement, not turn out to be any more negative than the Center-Left coalition of the past few years." Tuomioja maintained that the government's policy would even be more positive at first.

Since Tuomioja, who is one of the more courageous left-wing Social Democratic leaders, did not present a clearcut demand that the coalition with the Conservative Party be abandoned, the decision on the coalition may be reached quite unanimously in the SDP parliamentary delegation, although accompanied by grumbling.

SDP chairman Kalevi Sorsa has already laid the foundation for the decision by criticizing the left-wing Social Democrats for holding their own meetings. Between the lines many heard a thinly veiled threat that administrative steps would be taken in the future if they did not stop playing such games. Moreover, they are also trying to split or at least thin out the ranks of the left-wing Social Democrats by tendering them a carrot, a ministerial post.

Even if the decision on a coalition with the Conservative Party is produced in an officially unanimous way, the ranks of the SDP are in fact divided. Only it is to be regretted that the left-wing Social Democrats will be weakening their own chances of taking action in the future through a possibly unanimous decision, even though they think they will be doing just the opposite.

#### Eurocommunist Organ Assesses Program

Helsinki KANSAN UUTiset in Finnish 30 Apr 87 p 2

[Editorial: "A Program That Offers Many Applications"]

[Text] The government to be appointed today has announced that it will be the agent for carrying out a controlled change of structure. This description shows that the kingmakers know which issue arouses the greatest uneasiness among citizens. It is without a doubt a breakdown of the economy that is to be accomplished anarchistically, that is progressing rapidly and that will leave destruction in its wake, bring with it ruin for many production plants and whole production sectors and leave those who work in them dependent on their own resources.

But is there really a chance of their handling a change in structure in a controlled manner? There just are no ways--at least not in this program--of controlling a change of structure and of substantially easing its consequences. The detailed sections of the program speak of a desire to in all ways conform to the demands of the big companies, the affluent and casino capitalism, and complying with them is just the opposite of carrying out a controlled

structural reform. The consequences of doing away with jobs and people forced into unemployment are in the final analysis causes for concern by governments.

There are peculiar circumlocutions in the program. They can be interpreted in many different ways, offer many applications and countless disputes over the meaning of the decisions. When we bear in mind what the government is based on--a solid nonsocialist majority--and the prologue that was used for the so-called labor reforms entered into by the STK [Finnish Employers Association], we cannot expect much from the results of these disputes. The possibility constantly exists that the employer organizations will dictate their will and frustrate incipient efforts among Conservatives to appear to be something other than spokesmen for the employers.

The government decision which has today received its final blessing will probably not bring with it an earth-shaking change in the country's practical policy, at least not in the initial phase. This is so because up to now government policy has moved along very conservative lines. But in terms of ideological policy, the decision is a truly historic one since it will promote the Conservative Party to key domestic policy posts and create a new government policy axis. How the decision will affect the activities of national opposing forces we shall see very soon.

#### Sorsa's Future Role Pondered

Helsinki KANSAN UUTISSET in Finnish 30 Apr 87 p 2

[Editorial: "Sorsa"]

[Text] In spite of everything, the report that Kalevi Sorsa will be giving up his duties as chairman of the SDP is a noticeably big news item. We had after all already gotten to the point of thinking that the sizable setback suffered in the elections, the difficulties encountered--and in part unexpected too--in constructing a program and the completely changed political situation in the government would lead to a situation in which Kalevi Sorsa would of necessity have to stay on for yet another term in office.

The decision that has just been announced must certainly be regarded as final since to go on hemming and hawing in this matter would only be damaging. Sorsa's resignation from his duties as chairman will obviously take place under slightly different circumstances than those he had personally envisaged some time ago.

While Sorsa will stay on in the government, probably as chairman of the ministerial committee (at least so far), his influence on the country's domestic policy will become entirely different, considerably less than up to now. The nature of his ministerial post will also have an effect on this.

As things look now, the SDP party congress in June is shaping up to be very different from what we thought it would be like up to now. The new ordering of all of the most prominent leaders captures our attention. And aside from this, the reevaluation of the party's ideological policy which the party leadership conducted in assuming its attitude toward the Conservative Party will certainly greatly influence the party this spring. After all, in the end, this big decision was not effected in the SDP executive organs and organization machinery accompanied by the same cheers manifested during the initial phase.

HOLKERI: COALITION FAILURE WOULD MEAN END TO 'CONSENSUS FINLAND'

Holkeri Views New Government

Helsinki UUSI SUOMI in Finnish 5 May 87 pp 19-21

[Interview with new Prime Minister Harri Holkeri by Jalmari Torikka on 1 May 1987 in Helsinki]

[Text] "If this government were to fail, it would be a great disappointment in terms of the civilizing of our political world. It would be the end of consensus Finland," Prime Minister Harri Holkeri said.

Holkeri himself, however, believes firmly that this government will endure for a long time.

In this interview Holkeri gives us an account of his feelings and thoughts on the events of the past few weeks and from there on into the future.

He also said that he would under no circumstances become a millstone around the neck of the Conservative Party.

And he told us why he wanted Ilkka Kanerva to head his administrative office.

We had agreed that, when he officially became prime minister on the eve of May Day, he would reserve some time in the afternoon for this interview.

But at a government press conference in the House of Estates he said that he had to have a few hours time to catch his breath.

We met towards evening. At his wish, somewhere else than in official circles or the Bank of Finland, even less so the Council of State.

We agreed on the Hotel Tornio.

Not until later did it dawn on me that that place had played an important role in the destiny of Finland: It was the headquarters of the postwar supervisory commission.



I could not help but take a look at Paasikivi's "Diaries," at what the last Conservative prime minister did exactly 41 years ago. At the time Paasikivi had indeed already been president for just under 2 months.

On the eve of May Day 41 years ago Paasikivi met with Prime Minister Mauno Pekkala. They discussed the composition of the delegation for the peace negotiations in Paris.

Finland's next Conservative prime minister was then in the second grade of elementary school.

Wrestled with Himself, Sheets Wet

We ordered broiled Baltic herring, Holkeri's favorite dish, for supper. He ate them with a hearty appetite. I thought: Did he get to eat at all today? When would he have found time to?

Like a confirmed herring fan, he ate the fish, heads, bones and all.

He said that, even some time before beginning the job of probing and making up his mind, he had wrestled with his conscience. Tossing and turning in bed, the sheets wet, he tried to get to sleep. For him, this is a very rare occurrence.

He pondered over what the arrangement would mean to the Conservative Party. Would his mandate split the party?

"Perhaps I had somewhat of a Paasikivi-like idea of how this situation would go down in history," he said.

"Because this is not exactly just a passing phase. This may mean something in the annals of the nation at some later time too.

"There were some selfish thoughts involved too. Whether it would be worth going to so much trouble if I were to fail miserably. Then I would be criticized by neighbors and friends for having made an unnecessary effort that has only confused and embarrassed them.

Now that the business is over, he said that he was moved by Sorsa's warm words about the straightforward way he conducted the government negotiations.

They clearly impressed him. Similar political commendations from the opposing side are more rarities in Finland than anything else.

"I would like to somehow repay him with the same words.

"When I looked into Sorsa's eyes--I'll certainly remember those words until the day I die.

"I got the impression from them that we not only think in the same way, but we also feel the same way about things.

"Of course, we have different political ideologies."

### "Lower Middle-Class Men"

He reflected that Sorsa and he come from the same sort of lower middle-class backgrounds. Maybe even had the same sort of upbringing at home.

"For example, the language Sorsa uses is very close to the same kind I would use if I could. Sorsa is indeed verbally gifted."

He said that at no point during the government negotiations did a situation arise in which the belief that they would succeed was lost, in which they felt that the problems were insurmountable.

"Sometimes, of course, one wonders whether it's really true that this train is now moving."

The question of how far in advance Holkeri was informed of the job of sounding out [the opposition] reserved for him has been much discussed in the press.

"This was, of course, to be expected. It came to me in a roundabout way that something like this was clearly to be expected."

What was this "roundabout way"?

"For example, the fact that I, as the host at the 175th anniversary dinner for the City of Helsinki, sat at the president of the republic's right hand.

"Not a single one of the news media suspected that we were sitting there and talking about this particular matter.

"Of course, we also talked a bit about sailing with a catamaran.

"That is, sailing with a twin-hulled boat, which could be symbolic of cooperation between the two biggest parties."

When he was asked what sort of personal relations he had with Koivisto, he said that he became chairman of the Bank of Finland bank supervisors board in 1971 when Koivisto was director of the Bank of Finland. But he had no more than that to say about them.

"It's not always easy to follow Koivisto's ideas. So they say."

He did not say that this was so as far as he was concerned.

### Relations with Suominen

There have been plenty of claims in the press that relations between Holkeri and Ilkka Suominen have been damaged at this turning point.

"We met once in Nakkila in 1962 when I went to explain to him why the Conservative Party was participating in the first Ahti Karjalainen government.

"That was the first political contact between us.

"Later Ilkka was the chairman of the Young Conservatives League, when Juha Rihtniemi died.

"It was he who asked whether I would not then, in spite of all my doubts, undertake to become chairman of the Conservative Party. And I replied to his question that I was available.

"When I resigned from the chairmanship, it was quite natural for me to hope that Ilkka would succeed me.

"But I had a hell of a time persuading him.

"That gave rise to a jesting discussion in the press to the effect that Holkeri had chosen a successor for himself.

"Well, of course, one could put it that way, but more accurately expressed, it would have been: Suominen agreed to do so because of pressure from Holkeri."

To the question as to whether party chairman Suominen would have preferred to be prime minister Holkeri replied:

"During the big election debate on television Suominen said that his candidate for prime minister was Harri Holkeri. Leif Salmen didn't feel like squeezing that out of me during a recent television interview.

"Ilkka had asked me beforehand whether he could mention my name as a presidential candidate."

He said that he knew that no breach in relations between Suominen and himself had occurred.

"We Have Set Out on a Grand Venture"

Holkeri said that he believed that the new government would be a long-lasting one.

"When, after the television interview with Salmen last night, I stayed up late and pondered over my speech about the new government in reply to the president, I wrote this conviction of mine into the final part of the speech."

In the page-long, on these occasions usually short prime minister's speech, Holkeri said that the government would enjoy the confidence of the people and Parliament, but that the president's support for it would also be indispensable. He also said that this government was needed.

"Why are these two parties behind the government?"

"They understand one another and each other's problems.

"We have set out on such a grand venture that the Social Democrats ought to understand the Conservative Party's problems and the Conservative Party the Social Democrats'.

"The old popular front government was brought down and then it rose from the ashes looking like the phoenix.

"If this one falls, we will not succeed in resurrecting it.

"Everyone knows that we must not muff this opportunity.

"These parties' prestige and the hope for the start of a new era are too far involved in this venture.

"If it fails, that would really be a big disappointment in terms of, for example, civilizing our political world.

"It would be the end of consensus Finland. Or at least a very severe setback."

Seal the Last Trenches

Is this government an attempt to seal the nation's last trenches?

Holkeri replied with an emphatic yes.

A couple of times during the conversation he said that he would not like to sound pathetic. He spoke at length of Finland's history, the war of liberation, of which he employed all the epithets that refer to it.

"Would not these now finally be the very last of those sad memories about which we might say that they are now history?"

Would not the president have been able to say the same thing?

"I don't think that, as far as he was concerned, this was an issue per se in forming this government."

Since Holkeri will be the Conservative Party's presidential candidate until the presidential elections in the first half of next year, the party, now in the government, cannot oppose its own presidential candidate. How about afterwards?

"I will not become a millstone around the neck of the Conservative Party if we at some time reach a point when the Conservative Party has to dissociate itself from the policy I pursue.

"I am, however, very stubborn. If I should be somewhat of an embarrassment to the Conservative Party, I would certainly personally switch from these duties to an easier job.

"But I haven't devoted my time to such thoughts.

"As far as I am concerned, it is not important for me to be the prime minister in Finland."

To the question as to in which order he does his job: as a Conservative or as prime minister, he replied:

"I am the prime minister of a majority government. A sort of arbitrator of political labor disputes in the highest degree.

"But, after all, I too sweat under my political armpits.

"I nevertheless come to listen with a cocked ear to what the chairmen of the four parties in the government have to say.

"I must, of course, listen to what they say in the SDP as well as what Sorsa himself says about what will happen when he gives up the leadership of his party."

He has asked Tom Westergaard (SDP), the current information chief of the Council of State, to assume his duties.

Speaking of Office Chief Ilkka Kanerva's status, he said straight out that, since he is not himself a member of Parliament, it is a good thing for someone who represents the prime minister to be on the floor of the Hall of Parliament.

So, is he the prime minister's political watchdog in Parliament?

"Political watchdog is a poor way of putting it. We might perhaps speak of an antenna, a feeler.

"But I also need near me someone who keeps close watch on these futurological matters.

"And since the prime minister takes a hand in nearly any matter whatsoever in the government, it's best for him to know what he is going to take a hand in beforehand."

Holkeri said that he has promised to be available to all the parliamentary delegations.

The way he phrased his reply is significant because the question was: Would he participate in Conservative delegation meetings?

"Of course, I assume that the Conservative Party will invite me to attend most often."

Are you the president's prime minister?

"All prime ministers are the president's prime ministers."

The din of the May Day celebration in the capital reached our ears through an open window.

The first prime minister in Finnish history to be appointed prime minister on the eve of May Day praised the good herring.

Pekka Alanen, who assisted him during the government negotiations and may be Holkeri's future political secretary, suggested that Holkeri might rest now at least, on the May Day holiday.



But yesterday too he had been on the go ever since morning. Today he was going to Toijala to say hello to his father.

At the Council of State administrative office they know that they had better be at work on time.

Over 41 years have passed since the last Conservative prime minister walked into the Council of State building.

Paasikivi was also a morning person.

#### Harri's Second Mission

I met Harri Holkeri [for the first time] a good 20 years ago. At the time he was the new Conservative Party secretary.

In 1971 I wrote an article about him, the newly elected chairman, entitled "Will Holkeri Stand the Pace?" The accompanying photo was a photo of him running taken on the morning of the party congress in Lahti.

Over the decades dozens, perhaps hundreds of them and photos of him out skiing too have appeared in Finnish newspapers.

Is a true picture of Holkeri for his contemporaries depicted only in these?

If so, it is the wrong one.

We have indeed also learned to know him as a rigidly inflexible, humorless man. As a man whose tie is always on straight, the creases in whose pants are in place and who wears Conservative blue.

As a man who in 1970 [during the filming of] "Circus in Pasila" for television actually walked out of the studio enraged.

#### Water Has Flowed

How much water has flowed under the bridge since then except for just otherwise over the years.

Today Holkeri's pokerface quite well puts up with an intolerably direct half-hour television interview by Leif Salmen in which the person who is interviewed might well be thoroughly annoyed on many occasions.

But as prime minister the next day, he immediately gained the people's sympathy as a beginner.

He knew that he would need it over the next few years. The whole government needed it.

He has changed.

In Finland it has always been said that men go to the Bank of Finland to draw interest and to mature as statesmen.

And for some this has proven to be true. For others perhaps not.

#### A More Open Smile

We may probably say of Holkeri that he has matured, at least as a human being. His earlier apparently forced smile is now much more natural, more open.

Although Holkeri had once already managed to be a Conservative Party presidential candidate when he was with the Bank of Finland and we knew that he would also be one a few times more, it certainly seemed to be more of an obligation for him than a goal.

It was believed that he would no longer occupy any active political posts. Not at least the post he now occupies.

Actually, for one man he has already accomplished a tough and very effective job in politics.

#### Unpleasant Job

Getting the Conservative Party to back the country's official foreign policy right down to its outer limits was neither an easy nor any personally enjoyable job. There was no possibility of acquiring friends through it. He had to act a bit like a captain in the reserves is expected to act.

Without Holkeri they would not have succeeded in the time it took them to succeed.

Without Holkeri the Conservative Party would at least not yet be in the position it is in now.

Whipping the party into line at the time, he served as the integrator of a considerable part of the nation. So that not even any wounds remained.

The fact that Holkeri got and took the job as a result of which he himself is now prime minister and the Conservative Party is in the government, however, irritates some people in the Conservative Party.

But would they have succeeded without Holkeri? This is worth thinking about.

#### Thanks Afterwards

During his chairmanship Holkeri received thanks only from his own people. Only afterwards did people realize the importance of his work and it was accorded unanimous recognition.

The proper time to assess the present situation will not be until years from now.

Holkeri's second big mission has at any rate begun.

## Opposition Parties' Challenges Viewed

Helsinki UUSI SUOMI in Finnish 29 Apr 87 p 2

[Editorial]

[Text] The Center Party (KEPU), which is now outside the Conservative-Left government, and the SKDL [Finnish People's Democratic League]-DEVA [Democratic Alternative] have set out to construct their opposition policies on the basis of clearly different basic issues. For the KEPU, access to the population centers of the South and, for the ultra-Left, testing the potential for a worker-oriented policy are appearing as the basic issues. The tasks they have set themselves will not be easy for either of them. The lumber the KEPU needs to build its opposition policy will be very quickly found in the results of the coming elections. The first involves the presidential elections: Will it shove all the other parties aside with its policies next year?

Adjusting the height of Paavo Vayrynen's profile will be a difficult task. The party undeniably won in the elections, which, as far as that is concerned, was certainly the result of a visible and consistent policy. Too high a profile, however, has led to isolation.

The party is facing the same sort of choice the Conservative Party did after its 1970 election victory. Should it set out on an opposition policy of violence and bridge burning with increasing its support as the only object or should it try to get back into the government by building cooperation?

It chose the latter approach, but support for it increased. Its stretch in the opposition nevertheless turned out to be a painfully long one because the heart of the center of power, the president, was in spite of everything unable to level the distinctions between the party administrations.

There are different views in the KEPU on the length of its time in the opposition. Seppo Niemela, for example, the chief editor of SUOMENMAA, intimates that there will be a rather quick end to the forced coalition, while Lauri Kontro, on the other hand, urges them to prepare for a long period in the opposition. For the sake of realism alone, it pays to work on the assumption of the latter view.

Kontro is even more right in urging them to make use of their time in the opposition to clear up their party's problem in the South. The easiest course open to them would be to bring the regional policy dispute to a head. That would not, of course, be desirable from the standpoint of the nation's interest--the government parties would scarcely strive to implement any extreme course of action in the matter. But the KEPU would itself close the door on itself to the area in which most citizens live by being labeled a backwoods party.

The KEPU will in any event get the votes of the industrial areas. A successful strategy for the South must, on the other hand, be based on a sound market doctrine: The buyer, that is, the voter, is always right. This does not mean giving up one's principles--but, instead of teaching by shaking its finger at



people, the KEPU ought to learn to listen to the thoughts of the residents of the cities in the South and talk to them.

The ultra-Left is in a similar situation. The natural initial reaction is to accuse the SDP [Social Democratic Party] of having sold out workers' ideals. The SKP [Finnish Communist Party] has, however, engaged in this sort of fault-finding and the auctioning [of worker votes] associated with it throughout its entire history—with rather poor results, especially these past few decades.

The metalworker elections next fall alone will demonstrate how big a sounding board there is for the primordial worker movement. The SDP seems to think that being labeled just a reactionary smokestack industry worker party and an inevitable deterrent to structural change does not in the long run pay. This provides Lebensraum for the ultra-Left—but its limits are constantly narrowing.

The ultra-Left and a Finnish Rural Party-KEPU coalition have been close to one another before in connection with pension and other social welfare policy views, among others. Now they have managed to warm up the memories of the grass-roots communism-Korsimo line axis. That national coalition has, however, vanished. The opposition will without a doubt find another in terms of tactics—but they intend to determine the requirements for a real common front.

Furthermore, it would be worth while, especially for the KEPU, to consider who its most natural coalition partner is in the long run. Now it understandably feels like a suitor whose proposal of marriage has been bluntly turned down. The Conservative Party can, however, provide lots of advice stemming from its experience on how it is wisest to forget about getting angry over such a situation in politics.

#### Soviet Diplomat Approves Government

Helsinki UUSI SUOMI in Finnish 29 Apr 87 p 10

[Article by Visa Huittinen: "Deryabin Assesses Conservative-Left Coalition: No Conflicts of Interest, Government Arrangement Suits USSR"]

[Text] If Finland's new government arrangement suits Finland, it suits the USSR. This assessment of the situation was presented on Tuesday by Soviet Foreign Ministry department head Yuriy Deryabin, who is generally considered to be the man behind the pen name Yuriy Komissarov.

"The government Finland has settled on has been approved by the parties as well as by President Koivisto. The Soviet Union has no interests that would be in conflict with Finland's interests," said Deryabin, who has really come to Finland to explain party leader Mikhail Gorbachev's new disarmament proposal.

"Government Negotiations Interest Us"

Of chief interest to the Soviet Union is our adherence to the Paasikivi-Kekkonen policy line and, according to Deryabin, Koivisto's election to the presidency is already a demonstration of this. Deryabin met with the president

on Tuesday. According to him, Finland's most important political parties approve of this policy line.

Deryabin said that Finland's government negotiations were of interest to many people in Moscow. He believes that his own assessment is generally accepted in the Soviet Union.

#### Gorbachev Visit Open

The department head did not wish to say that it was likely that Finland's invitation to Gorbachev to visit would be effected as soon as this year. He reminded us that, since Soviet leaders had recently made two high-level visits to Finland, a reciprocal high-level Finnish visit would be the most natural thing to do.

He stressed the fact that the dialogue between the two countries is progressing very smoothly, particularly at the top level. He wanted to in this way put a stop to Finnish editors' speculations that [the Soviets] would also like to have Finland's new prime minister visit them.

According to Deryabin, the invitation to visit extended to Sorsa in connection with Premier Nikolay Ryzhkov's visit specifically referred to the [office of] prime minister, not to Sorsa as a private individual, in accordance with diplomatic practice.

"This invitation to visit must now be renewed," Deryabin said.

#### Deryabin Statement Assessed

Helsinki UUSI SUOMI in Finnish 1 May 87 p 5

[Editorial roundup]

[Text] A statement by Soviet Foreign Ministry department head Yuriy Deryabin--who, it is thought, also goes by the pen name Yuriy Komissarov--that, if Finland's new government arrangement suits Finland, it suits the USSR reflects a new era, in AAMULEHTI'S (Conservative) opinion.

From the standpoint of us Finns, the statement is significant because not much time has passed since Conservative Party participation in the government was opposed on so-called general grounds. In other words, for reasons of domestic policy and power politics they were still trying to use suggestions as to how our foreign policy should be conducted as a weapon at a time when that weapon had rusted to the point of being useless.

"Department head Deryabin's statement was an example of a publicly stated self-evident fact's being of explanatory importance especially to those who have either not observed the course of developments or refused to acknowledge it."

11,466

CSO: 3617/99

## SERIES OF SCANDALS REPORTED IN STATE COMPANIES

## Background of KYDEP Irregularities

Athens I VRADYNI in Greek 14 May 87 p 4

[Article: "Another Superscandal at KYDEP. Two Men Set up Middleman Companies in Noncompetitive Wheat Sales. With 480,000 Drachmas Capital They Got 17 Billion in 2 Years!"]

[Text] The New Democracy put an explosive interpellation yesterday as to the manner in which public funds are squandered and the "old boys" reap their rewards. It concerns a superscandal at KYDEP.

Specifically, New Democracy Deputies Georg. Souflias, Ioan. Vagiatis, and Dim. Khatzidimitriou put an interpellation to the ministers of agriculture and finance in which they uncover the whole "empire of middlemen" flourishing under PASOK, where corporations with a share capital of 480,000 drachmas are able to attain a turnover of 17 billion drachmas within months of being set up, succeed in replacing KYDEP itself in exports, and promote intermediary wheat sales at prices higher than those which they paid KYDEP for the Greek wheat.

And the worst of it: while KYDEP is estimated to have suffered losses of more than 2 billion drachmas in foreign exchange just in the 2 years 1985-86, the illegal profits have been deposited in Swiss and Belgian banks.

This exceedingly revealing interpellation by the three New Democracy deputies to the ministers of agriculture and finance is as follows:

"Both in its campaign publicity and in its programmatic statements the government assured the Greek people that it would regulate the movement of farm products and free the trade from the 'scourge of the middleman.'

"In practice it cultivated an atmosphere that permitted people in its confidence to feloniously rob both our farmers and the Greek state, resulting in the loss to the country of millions of dollars in foreign exchange.

"A characteristic case is that of the Central Domestic Products Administration Service (KYDEP).

"Specifically, in February 1985 I. Kourtis, a Ministry of Agriculture employee, resigned and a month later he and a certain Il. Angelopoulos set up two companies named GRANEL EPE and SITEX EPE, each with a capital of 240,000 drachmas. Total capital, 480,000 drachmas.

"Between March 1985 and today Kourtis's two companies, with a capital of 480,000 drachmas, handled KYDEP's grain almost to the exclusion of other traders, without transparency, and of course without bidding, attaining a turnover of seventeen (17) billion drachmas!

"In 1985 the cereals handled through the Kourtis companies represented 70 percent of all KYDEP exports, and in 1986 90 percent. They were sold to the same Italian purchasers (Pardini-Feruzzi, etc.) as KYDEP had previously sold to directly.

"It should be noted that during his time at the ministry I. Kourtis first worked in the YDAGEP [possibly Agricultural Products Markets Administration Service] Foreign Market Directorate (i.e. the government service responsible for handling all EEC subsidies) and later in the Large-Scale Cultivation Directorate (which is directly involved with cereals price policy).

"Both these services are directly involved with KYDEP. At the same time he had also served as a member of the Ministry of Agriculture's committee to monitor corn imports by KYDEP.

"Originally the Kourtis companies acted either as middlemen or as representatives for the Italian buyers (!!); later they interposed themselves as resellers --i.e. they bought from KYDEP on their own account and then sold to the same Italian buyers as KYDEP had previously sold to directly.

"Essentially, therefore, KYDEP had turned its foreign buyers over to former Ministry of Agriculture employee and now middleman and reseller I. Kourtis.

"In the next stage of this sinful KYDEP-Kourtis collaboration --and this is the height of the scandal-- yet another mysterious company of opportunity appeared, headquartered in London. This was Cloveridge, which operated as a middleman for KYDEP's middleman I. Kourtis with the final buyers, who were still those same Italians.

"By this time the Greek wheat which KYDEP had previously sold directly to the Italians, was passing through two intermediaries (the SITEX and GRANEL companies in Greece and Cloveridge abroad) which belonged to and represented the interests of I. Kourtis --and of those involved in this scandalous handling of Greek cereals-- in order to end up with those same Italian buyers.

"It should be noted, as a typical example, that a series of contracts (numbers 203-215) between Cloveridge and SITEX or GRANEL show that in 1986 I. Kourtis's Cloveridge bought from KYDEP through SITEX and GRANEL (which belong to I. Kourtis) 160,000 tons of wheat at 399,570 lire per metric ton and sold it to the Italians at 430,000 lire per metric ton. All these transactions occurred only on paper, of course, since the wheat was loaded by KYDEP for the same



Italians (as proven by the above contracts), so that KYDEP lost and I. Kourtis's companies gained 3,100 drachmas a ton.

"There remains the additional question for 1985 (the first year of the KYDEP-Kourtis 'collaboration') of why KYDEP sold the wheat through I. Kourtis's companies to the Italians, instead of disposing of it directly at the most advantageous EEC intervention, resulting in an estimated loss to KYDEP and the Greek state of around 1.5 billion drachmas.

"Finally, it is estimated that in the 2 years 1985-86 the loss to KYDEP from its connection with the Kourtis companies (which were set up and operated as shown above) exceeds two (2) billion drachmas, and in foreign exchange at that.

"From the above it is also clear that not only was there tax evasion but also that the 'profits' of the Kourtis companies were exported abroad, through Cloveridge, with strong indications that they ended up in bank accounts in the Dreyffus bank in Switzerland (headquarters in Zurich) and in the Generale de banque in Belgium (Brussels branch).

"In view of the above, We Put the Interpellation to the government and to the ministers of agriculture and finance, who are competent in the matter:

"1. Why, despite the fact that the matter was raised in the Chamber of Deputies in a question by deputies on 10 February 1986 and was discussed in the press (OIKONOMIKOS TAKHYDROMOS, 16 January 1986 and 13 March 1986, and ELEVTEROS TYPOS, 24 February 1986), was no certified accountants audit instituted at KYDEP and why was the case not referred to the competent public prosecutor for a legal investigation into the matter?

"2. Why were the competent monitoring services not aroused by the fact that in 1985 70 percent and in 1986 90 percent of all cereals exported by KYDEP was handled through the company belonging to former Ministry of Agriculture employee I. Kourtis, without bidding and for the same buyers as KYDEP had previously sold to directly?

"3. Why, despite repeated press reports on irregularities in the administration of cooperatives and despite the minister of agriculture's announcement of management audits of cooperatives, are KYDEP president K. Markoulis and general director I. Zouganelis permitted to continue to administer money belonging to Greek farmers and the Greek state unmonitored?"

#### Distancing of Agriculture Ministry

Athens I KATHIMERINI in Greek 15 May 87 p 14

[Article: "Agriculture Ministry Distances Itself in KYDEP Affair. State Has Negative Control"]

[Text] Using a particularly careful formulation, the Agriculture Ministry is distancing itself from the KYDEP scandal, stressing in a press release that KYDEP is considered a third-level agricultural cooperative organization and as



such manages its own affairs under the terms of the law and its own charter and is under the protection and supervision of the state.

The Agriculture Ministry's press release further explains that the state's supervision includes only statutory monitoring of the legality of actions taken by the administrative organs of cooperative organizations.

More specifically the Agriculture Ministry notes that:

--Greek cereals --i.e. hard [sic], since only that is exported-- sell for higher prices than under EEC intervention, the terms of which, for that matter, do not accord favorable treatment to Greek hard wheat, which, however, has considerable value on the market.

--KYDEP's standard practice is to use open auctions, attempting to sell to the final buyer.

--For 1986 in particular, after the well-known commercial problems created by Chernobyl and the way that problem was exploited, KYDEP continued to sell on the same terms, i.e. with qualitative receipt in Greece.

Those who still accepted those terms purchased from KYDEP with all the usual guarantees, i.e. commercial credits, etc.

--The prices at which KYDEP sold ranged from 430,000 to 453,000 lire for first-quality wheat.

#### What the Deputies Asserted

We remind the reader that in their interpellation, the ND deputies asserted that a company, a shareholder of which is former Agriculture Ministry employee I. Kourtis, handled KYDEP grain "without transparency and assurances, without bidding [sic]," attaining a turnover of 17 billion drachmas in 2 years. The grain handled by the company was sold to the same Italian buyers as KYDEP had previously sold to directly; essentially, therefore, KYDEP had turned its foreign clients over to current middleman Kourtis, who had in fact previously been employed in Agriculture Ministry services that worked directly with KYDEP.

Later --the ND deputies assert-- the Gloveridge [sic] company appeared as an intermediary of intermediary Kourtis. Through the SITEX and GRANEL companies, which belong to Kourtis, this company bought 160,000 tons of wheat from KYDEP for 399,570 lire a ton and sold it to the Italians for 430,000 lire a ton. All these transactions occurred on paper since the wheat was loaded by KYDEP for the original Italians, resulting in enormous losses for KYDEP and corresponding profits for Kourtis's companies.

In its statement KYDEP asserts that "it faithfully followed the same transparent procedure for hard wheat exports in 1986 as well, the period and product to which the ND deputies' interpellation refers."

## PROMET Activities

Athens KYRIAKATIKI ELEVROTYPYIA in Greek 3 May 87 p 1, 2

[Article: "Management Fired"]

[Text] A management audit starts tomorrow at state-owned PROMET [Processing Companies Supply Company], a subsidiary of EOMMEKh [Hellenic Organization of Medium and Small-Sized Enterprises and Handicrafts] after embezzlement was discovered, with preliminary estimates of the amount involved ranging from 500 million to 1 billion drachmas.

According to exclusive KYRIAKATIKI ELEVROTYPYIA information, high officials at PROMET, which imports and supplies the domestic market with foreign products and raw materials, accepted and cashed unsecured checks and "foreign exchange facilities" from Greek traders. Those involved in the scandal made all these checks and facilities "disappear" in the middle of the night as soon as the possibility of a management audit arose, so that today nobody knows exactly what happened and what the extent of the fraud is.

KYRIAKATIKI ELEVROTYPYIA contacted Deputy Minister of Industry G. Petsos, who is responsible for PROMET, early yesterday morning about the whole affair. He assured KYRIAKATIKI ELEVROTYPYIA that "on instructions from the prime minister, I issued an order this morning (Saturday) for a management audit of PROMET, to which a new manager will be appointed the day after tomorrow, Monday. That will be Khr. Dimopoulos, who will replace Mr. Psilas [sic]."

After KYRIAKATIKI ELEVROTYPYIA's question, a government statement was also issued late in the afternoon. It reads as follows:

"Deputy Minister of Industry, Energy, and Technology Giorgos Petsos announced that he has given instructions to the new manager of PROMET, economist Khristos Dimopoulos, to carry out a management audit so that if blame is found, it will be assigned to those legally responsible.

"As you know, PROMET is a subsidiary of EOMMEKh."

Responsible government sources added that all of PROMET's books have already been "frozen" and that on Monday "the firings start" of those involved in the new illegal financing scandal and later in the disappearance of the facilities and checks. In this connection it has been learned that Deputy Minister Petsos met yesterday for 5 hours with those who will undertake the investigation into all the dark corners of the scandal.

## PROMET Investigation

Athens TA NEA in Greek 4 May 87 pp 14-15

[Article: "In-Depth Investigation at PROMET. Certified Accountants' Findings Due Wednesday. 800 Million 'Lost'"]

[Text] An in-depth investigation into all of PROMET's loans as well as its loan guarantees to third parties (small companies, etc.) has begun on

instructions issued by Deputy Minister of Industry G. Petsos to the management of EOMMEKh.

According to reports, estimates just thus far indicate that PROMET has bad debts on the order of 800 million drachmas. The Ministry of Industry has been informed of this.

At any rate, it has been announced that the certified accountants' findings will be ready on Wednesday. At the same time similar conclusions emerge from a second report by a finance inspector.

The cash shortage at the firm is thus far estimated at 3.91 million drachmas for which there are no vouchers.

The bad debts were incurred on a turnover of 30 billion drachmas and are believed to be connected with bank credit guarantees furnished by PROMET and with unsettled revolving credit accounts (in just one case, that of a coffee company, the sum in question is calculated to be on the order of 300 million drachmas).

More specifically:

According to preliminary indications, the sum "lost" at PROMET through unmonitored credits to customers and bad financing of small and medium-sized firms comes to 800 million drachmas.

"Disappeared"

Furthermore, last week checks worth 25 million drachmas "disappeared" from the firm's offices.

The management audit which starts today at the company on orders from Deputy Minister of Industry, Energy, and Technology G. Petsos may bring to light revealing data about the issues which have thrown the company's staff into an uproar. It is estimated that the sum "lost" at PROMET will exceed 1 billion drachmas.

The company's employees will decide at today's meeting of the staff organization's board what position to take regarding the "plundering" which has been revealed and for which major responsibility is assigned to former executives.

What Is PROMET?

PROMET (Processing Companies Supply Company) is a limited liability subsidiary of EOMMEKh.

It was set up in 1984 with a start-up share capital of 150 million drachmas, which was later increased to 500 million drachmas.

EOMMEKh is the main shareholder (14,998 shares), while one share each is held by Lymberis Lymberakis (PROMET's first manager and later EOMMEKh president)

and by Lambros Gatzis (EOMMEKh's current general director).

The purpose of PROMET --as stated in its charter-- is to supply raw materials for equipment and technology as well as to export the products and services of small and medium-sized companies.

#### The Losses

In 1984, in its first fiscal year, the company's losses amounted to 172 million drachmas; in 1985 it had profits of 196 million drachmas (balance sheet figures); while for 1986 the losses are expected to exceed 800 million drachmas, when the bad debts are taken into account.

In its first year of operations (1984), the company primarily intervened in the coffee market because of the conditions which had been found to prevail in coffee imports. It was later able to set up PESKAFE (a coffee-grinders' cooperative) (1 January 1986), which later handled the coffee trade. The company was also involved in the lumber trade, chemical products trade, etc.

PROMET has had the following managers: L. Lymberakis (through 1985), Kostas Kanonis (through December 1986), and Nikolaos Psyllas (the company's former finance director), who recently left and was replaced by economist Khristos Dimopoulos, a member of EOMMEKh's Administrative Council and a former PROMET executive.

PROMET's headquarters are in Athens (Mikhalakopoulou 35) and it has a total of 60 employees.

#### Management Audit

In statements on Saturday Deputy Minister of Agriculture G. Petsos noted that he had "given instructions to the new manager of PROMET, economist Khristos Dimopoulos, to carry out a management audit so that if blame is found, it will be assigned to those legally responsible."

As regards the issue of coffee imports, which was PROMET's first area of operations, officials stressed that:

--Appropriate procedures have modified the situation which prevailed for a number of years.

--Since 1 January 1986 the basic coffee trade has been handled mainly by PESKAFE (a coffee-grinders' cooperative), while in one sector of the market the import trade is also being activated.

--As for the question of the coffee trade, a special investigation into the import trade (for the period through 1984) was carried out by the Finance Ministry (Anti-Customs Duty Evasion Directorate) and the Bank of Greece's Prices Investigation Council, in cooperation with the Ministry of Commerce.

According to reliable reports, PROMET provided credit guarantees in the coffee sector for 16 coffee-grinders.



[Box, p 15]

#### "Political Dimension"

A political dimension to the "PROMET affair" was noted yesterday by company executives, as well as by certain members of the PASOK Executive Office.

As they stressed in TA NEA, the "PROMET affair" represents yet another attempt to conceal the change in policy which is very evident in the industrial sector and particularly as regards the problematic companies.

As regards PROMET in particular, the same circles noted that neither the certified accountants' report nor the finance inspector's report reveals a cash shortage at PROMET. What has been found --they said-- is a sum of 3.91 million drachmas for which there are no vouchers. The 800 million drachmas (600 million according to other sources) represents the company's bad debts, which comes to 2 percent of the company's 30 billion drachma turnover.

The same officials stressed that the main thing is to clear the political air and say frankly that there has been a change of policy. Otherwise, they said, the "scandalmongering" undermines institutions and creates a climate of dissolution, which benefits certain groups.

#### PROMET Debts Listed

Athens TA NEA in Greek 7 May 87 p 11

[Article by Ilias Georgakis: "109 Billion in Debts. Company Debts to PROMET"]

[Text] Exclusively in TA NEA--Accumulated losses due mainly to bad debts (some 800 million drachmas which have been paid out but have not yet been collected) have dispersed PROMET's capital, so that it cannot pay short-term obligations that have expired.

This is one of the findings in the report of OAE [Organization for the Rehabilitation of Enterprises] Finance Director Sp. Kakavoulis, which was prepared on instructions from Deputy Minister of Industry G. Petsos (13 April 1987). It is "diagnostic in character" and describes the company's financial situation.

The report is based on balance sheet data of 31 December 1986 as well as on other financial data made available to Kakavoulis (balances of 31 March 1987, certified accountants' report, etc.)

The report also includes data from PROMET's 112 clients, which are reported to have had financial obligations to the company totalling 1,093,804,000 drachmas as of 31 March 1987.



## Details:

### The Report

The report includes the following points:

#### General Financial Situation

The accumulated losses, primarily due to bad debts, have dispersed the company's capital (650 million) and the company cannot pay short-term obligations which have expired.

In my opinion the primary causes are the lack of:

##### a. Planning

--nonexistence of targets, budget (none was ever drawn up), action plan, procedures, etc.

##### b. Organization

--there are no organization chart, job descriptions, or areas of responsibility and competence.

##### c. Management

--section heads do not have the background required to attain PROMET's targets and carry out the operational action plan.

I note the following in particular:

1. Poor accounting organization (payment procedures, timely notification).

2. Low level of computerization.

3. Nonexistence of a credits and collections section.

4. Poor sales organization.

##### d. Monitoring

--Monitoring, particularly in the granting of credits, is nonexistent, resulting in the company's having losses of 700 million drachmas, which it cannot bear.

--The nonexistence of internal monitoring is evident.

#### Management Responsibility

Since this report is diagnostic in character, we cannot express any view as to managerial responsibility, which is a matter for a management audit.

## The List

According to the report, the clients which owe the most to PROMET are the following:

[For personal names this list gives the Christian name second and the family name first.]

--Loumidis AVE [Loumidis Industrial Corp.]	236,485,000
--EMKO-Sandri	10,772,000
--EIK	21,023,000
--EIK	107,028,000
--Prom. Syn. Xylou Attikis [probably Attiki Wood Supply Cooperative]	93,078,000
--Anastasoupoulos-Iatrou [personal names]	78,026,000
--Vioniki	71,550,000
--Poimenidis Sp. AEVE [personal name; AEVE probably means industrial corporation]	64,092,000
--Poimenidis Sp. AEVE	8,974,000
--Alevizou Mar. [personal name]	27,094,000
--Viokafe AE-(Martios)[AE means corporation]	25,000,000
--Sekka Syn. PE [probably Sekka Cooperative Ltd.]	27,804,000
--Elvam AEVE	25,750,000
--Floras Ath. [personal name]	13,348,000
--Resel AE	16,831,000
--Mandouvalos G. [personal name]	17,191,000
--Khatzileris M. [personal name]	11,086,000
--Valeo AVEE [AVEE probably means industrial corporation]	16,868,000
--Beikou Loukia & Sia OE [Loukia Beikou & Co. unlimited general partnership]	12,895,000
--Angelakis AE Super-Atlas [Angelakis is a personal name]	11,618,000
--Syn. PE Thes/nikis [probably Salonica Cooperative Ltd.]	13,221,000
--Syn. Katerg. Xylou Attikis [probably Attiki Wood Processing Cooperative]	

--Prom. Syn. Kat. Ep. Bambou	16,970,000
--Stambouli Afoi [Stamboulis Brothers]	10,889,000
--Viom. Xylou-Xyl. Grevenon [probably Grevena Wood-Lumber Industry]	8,964,000
--Pesie	6,498,000
--Zervoudakis Zanis EPE personal name; EPE means Ltd.]	5,500,000
--Nikoletakis-Kyriakakis-Karatasos [personal names]	6,498,000
--Elvam AEVE	8,654,000
--Pr. Syn. Xylourgon Kavalas [possibly Kavala Carpenters Supply Cooperative]	5,626,000
--Syn. Epipl. Kerkyras [possibly Kerkyra Furniture Cooperative]	8,703,000
--Prom. Syn/sias Xylourgon Kalymnou [possibly Kalymnos Carpenters Supply Cooperation]	6,862,000
--Syn. Xyl. Ep. Skiathou [possibly Skiathos Eparchy Carpenters Cooperative]	5,767,000
	7,171,000

Similar figures are included in the certified accountants' report on PROMET's financial status.

12593

CSO: 3521/134

## SOARES BELIEVED TO FAVOR CENTRIST BLOC FOR 1991

Lisbon SEMANARIO in Portuguese 16 May 87 p 6

[Article by Marcelo Rebelo de Sousa]

[Text] In filing away some old papers, we found a long article which we devoted, in the spring of 1981, on our usual page 2 in EXPRESSO, to the political outcome of the congress at that time, which led to the victorious return of Dr Mario Soares to the Socialist Party. And, rereading what we had written, we noted what we had called the three key ideas in the foreseeable political strategy of the leader of the PS for the decade of the 80s--speedy replacement of the AD, the coalition then in power; formation of a Central PS/PSD Bloc in the government, to replace the AD; and presidential candidacy and election. This article was 6 years old, but the facts have borne out in practice the various steps in the strategy of Dr Soares, point by point.

With one exception, and not one of his own volition, moreover--it was not to be the Central Bloc which took him to Belem, as he had so much wanted, but a leftist majority formed "in extremis" in February 1986.

In any case, if there was and has been one constant factor in the conduct of Dr Mario Soares since 1981, that is to say since the reelection of Gen Antonio Ramalho Eanes, it has been the belief that the Central Bloc is the best solution for Portugal, that this Central Bloc should include the PSD and the PS, and that it would be on such a basis that a president of the republic would benefit by being elected, thus satisfying the leading political forces in Portugal.

This was why Dr Soares did everything he could to create the Central Bloc in 1983. For this reason he disassociated himself from the very first from the concept of an agreement on the presidential election. For this reason, until the dissolution of the Central Bloc, Dr Soares worked incessantly with the PSD to avoid a break of which his presidential election might be the victim.

Only 2 years ago now, Dr Anibal Cavaco Silva emerged at the PSD Congress held in Figueira da Foz.

Now, Dr Mario Soares had foreseen almost everything, from the leadership of Dr Rui Machete to a possible victory by Dr Joao Salgueiro, but he had not

contemplated the triumphal return of Dr Cavaco Silva, much less that he would return to demand the dissolution of the Central Bloc, and above all to propose, as a basic strategic point for the PSD, the presidential candidacy of Dr Diogo Freitas do Amaral.

He was thunderstruck. Then came the brief crisis and the fall of the Central Bloc. And after that the parliamentary victory of Dr Cavaco Silva in October of 1985. And this would have meant the complete success of his political strategy, if his presidential candidate of a year previous had reached Belem.

What happened, however, was that the winner in February 1986 was to be Dr Mario Soares, and not Dr Cavaco Silva's candidate, so that the October 1985 government minority did not speedily become a parliamentary majority, and the executive branch was to fall after 14 months.

And that is where we are today. The conditions are optimal for allowing Dr Mario Soares to begin again to develop the Central Bloc which would reelect him in 1991. Because Dr Mario Soares is persistent. He believes in the political virtualities of this Central Bloc, and above all, he knows that with the electoral support of the PSD and the PS, Belem will continue to be his political home until 1996.

It is clear that the Central Bloc which can be foreseen in 1987 is a much perfected version of that in 1983. That was a government bloc involving the PS and the PSD which was to capsize in 1985. The 1987 version is a presidential electoral bloc without need for any governmental compromise, at least not necessarily requiring it. In 1983, the socialists and the social democrats formed a coalition to guarantee themselves, or so they said, stability and efficiency in government. In 1987, what is wanted is to guarantee that the PSD, being able to govern without the PS, can prepare slowly to accept the reelection of Dr Soares, also supported by the PS, which for its part will be put back in the situation of being the opposition to the PSD.

What is in theory gained by each of the protagonists, with this Central Bloc?

Dr Cavaco Silva gains tranquillity, calm and even the understanding benevolence of Dr Soares in connection with his next future majority government.

Dr Soares gains reelection in 1991 without the slightest qualms.

Dr Cavaco Silva benefits from the certainty that Dr Soares not only will not come forth to sponsor another political party (in the manner of General Eanes in 1985), but that he will not suffer too much due to the hardships of his own PS, either.

Dr Soares will benefit from the certainty that Dr Cavaco Silva not only has now buried Dr Freitas do Amaral, but also that he will not yield to the temptation to allow any faction within the PSD to promote a specific presidential candidate for 1991, even himself.



In short, Dr Anibal Cavaco Silva is at least sure of a firm and peaceful legislature, while Dr Mario Soares is guaranteed 5 more years in Belem, without an alternative candidate who is minimally dangerous.

It is clear that on this level, political pacts are very not explicit, but are implicit instead. Both contracting parties will always protect, and very carefully, their mutual independence. The agreement will be the product of the objective coincidence of two strategies whose authors were able to foresee and encourage this convergence.

Basically, if someone had asked Dr Soares in 1981 to admit publicly what he planned to do between 1983 and 1986, culminating in the Belem post, he would obviously have heard a curt denial.

From 1987 to 1991 as well, everything will proceed as if no hint of the pact for which the foundations are being laid had passed through anyone's mind.

This pact pleases Dr Soares, because it is taking shape in the most unpredictable party in Portugal. It pleases Dr Cavaco Silva, because it creates the conditions for governing the country with authority. It pleases the Soares sector in the PS because it "squeezes" the present socialist leadership. It pleases the PSD greatly because its position in 1987 is no longer that of second party, following in the wake of PS, but that of the dominant party in the executive branch.

But it also will be welcomed by very broad sectors of the electorate interested in the coexistence without friction of a president who came from the left and a rightist government.

And--a basic point to be remembered--it is an excellent solution for the private business sector, which is already hoping to see within 6 months a revision of the constitution and the sale on the stock market of the leading nationalized enterprises, beginning, clearly, with the banks.

There may be those who resist the Central Sao Bento-Belem Bloc. There may be those within the PS who believe that Dr Mario Soares is indicating so persuasively that he places his concept of the national interests above the party interests that the result will be exacerbation of an internal socialist crisis like that the PSD experienced between 1981 and 1985. There are always socialists who are more socialist than pro-Soares.

There may be those on the right who protest, believing that the PSD has such great tactical flexibility that it has succeeded in supporting Dr Freitas do Amaral, courting General Eanes and dealing affectionately with Dr Mario Soares, all within less than a year's time. There are rightists who are more rightist than pro-Cavaco Silva.

There may be those who point with facile prophecy to future quarrels between Dr Soares and Dr Cavaco Silva, noting that even with specific agreements, there is usually one main beneficiary. There are always doomsayers of crisis in Portugal.

Things are as they are. For Dr Mario Soares, a meek and mild PSD in 1991 would be the supreme revenge for 1985. For Dr Cavaco Silva, a socialist president of the republic who is affectionate and supportive of his government until 1991 would be the supreme revenge for the government experience of the PSD between 1983 and 1985.

It must be agreed that Dr Mario Soares is a persistent, stubborn and indomitable politician. In 1991 he may have the presidential Central Bloc he could not achieve 5 years earlier.

It must be agreed that Dr Cavaco Silva is a pragmatic, realistic and tactful politician--in 1985, he liquidated the governmental Central Bloc, only then, who knows, to sponsor a Sao Bento-Belem Central Bloc in 1991. The two are political personalities who will be present and constant factors on our collective horizon at least until 1996, and one of them--Dr Cavaco Silva--probably for 10 more years.

We must admit that in terms of political dimensions, each measures up to the other.

5157  
CSO:3542/101

## SHIFT IN IDEOLOGY OF YOUTH EXAMINED

Lisbon TEMPO in Portuguese 14 May 87 p 3

[Article by Rui Camacho]

[Text] The inability of the approximately 200,000 young people who acquired the right to vote this year to go to the polls in July has been regretted in right-wing circles, whose members believe that they have thus lost a contingent of votes which would in the majority have been theirs.

The gradual reduction of the advantage of the leftist parliamentary majority which has existed in Portugal since the Constituent Assembly elected in 1975 may have had various causes, one of them certainly being the ever younger average age of the electorate. The relative weight of the party organizations of the young people, the electoral events which have occurred in the secondary schools, the degree of young people's involvement in the campaigns of the various parties--all of these things are clear indications which in fact tilt the new inscriptions on the electoral rolls toward the right wing.

To justify this fact on the basis of the supposition that young people are always, in the majority, against what their parents defend, in the majority, would obviously be hasty and simplistic, because there are more exceptions than cases which would confirm or justify the rule, and because the battle of the generations, on which an effort is being made to focus this phenomenon, does not find its most expressive battlefield in politics.

The right wing is no longer the subject of opprobrium for young people that it was for the generations which experienced it during the period when it was identified with the dictatorship. The propaganda of the new right is now identified with the style of a Europe which continues to be a model of virtue and wealth, although this is somewhat surprising, since socialism is the ideology with the greatest representation in the Parliament of the Twelve. On the other hand, in recent years the left wing has been indecisive, inept and to a certain extent inconsistent, along perhaps with other defects, and possibly many virtues. There have of course been many explanations for the errors committed, which would have to be considered if the public were to allow extenuating circumstances.

The concept the new generation of voters has of the left wing is not, therefore, very favorable, and this means that winning this sector over may be a requirement for the survival of the socialist and related sectors, but this goal can only be achieved if they impose upon themselves as a model more of an ethic than an ideology of the left; if they find and clearly define paths which will fit into the European complex; and if they too are capable of being European in governmental organization and efficiency. In other words, if, having lost the sentimental advantage, they can become a rational choice.

5157

CSO:3542/101

SPAIN

POLITICAL

BRIEFS

COOL RELATIONS WITH ARAB COUNTRIES--Despite efforts by the Spanish Government to expand relations with Arab countries, the majority of them are lowering their political profile in Spain because they feel Spain is submissive to Washington and Tel Aviv. At the same time, they are strengthening their relations with Portugal. The Syrian and Qatari embassies in Madrid have not celebrated their national holidays this year nor did the PLO commemorate the Day of the Palestinian Land. The Arab League even forgot to celebrate its anniversary. [Text] [Madrid TIEMPO in Spanish 4-10 May 87 p 77] 7717

CSO: 3548/88



## UNCERTAINTIES STILL DOG FRENCH-GERMAN HELICOPTER PROJECT

Hamburg DIE ZEIT in German 27 Mar 87 p 46

[Article by Wolfgang Hoffmann: "Takeoff With Obstacles/Is the German-French Military Helicopter Obsolete?"]

[Text] For Willy Wimmer, the armaments expert of the CDU fraction of the Bundestag, arm cooperation in Europe has meanwhile taken on grotesque features. Wimmer states, with irony, that cooperation in the area of joint production of weapons has already "achieved a form of disarmament." Because "we talk so long about a new weapon system until it can no longer be used because it is outdated."

Wimmer's description hits the nail on the head. However, it should be expanded just a bit. Because--although the new weapon systems which become obsolete during the long discussions can actually still be used to only a limited degree--they are produced nevertheless. That makes this "form of disarmament" especially expensive.

An exemplary case of planned joint production which threatens to become obsolete even before it really gets started is FRG-French cooperation in the area of antitank defense from the air. After a strenuous struggle, Bonn Defense Minister Manfred Woerner and his Paris colleague Andre Giraud did indeed agree last week to develop the planned PAH-2 antitank helicopter as a joint project. But, whether the helicopter--which should have been with the troops a long time ago--will ever be deployable is, as a result, a long way from being assured.

For the Germans and the French had already once before agreed upon this weapon system, and it almost resulted in a break in relations. The two heads of government, Helmut Kohl and Francois Mitterrand, had barely placed their signatures in May 1984 upon the PAH-2 memorandum of understanding when this new weapon alliance began to totter.

The military forces of both countries thus quarreled first about three different helicopter design versions. The French preferred different armament from that chosen by the Germans; they wanted an additional variation for use as a defense and support helicopter. There was an argument about the arrangement of the pilots' seats. The Bundeswehr preferred the tandem approach, in which the pilots sit one behind the

other, while the French expressed their preference for side-by-side seats. According to French notions, the PAH-2 should have only one turbine engine, while it should have two, according to German design. On the one hand, the Germans wanted to use an American vision system for night vision, while the French insisted upon either French or European equipment.

Such differences of opinion finally led to the result that the costs ran away from FRG accountants, who had been increasingly tuned toward thriftiness by Manfred Timmermann, their State Secretary for Armaments. The financial upper limit of barely DM1 billion (FRG share) for development of the helicopter was exceeded by DM500 million a long time ago. The total expenditure for procurement of 212 helicopters for the Bundeswehr rose from DM2.3 billion in 1985 to DM4.2 billion in 1987. Including development, the FRG contribution for the PAH-2 would thus be at least DM5 billion. Each single helicopter would cost about DM23 million. For comparison: the predecessor model PAH-1 had a unit price of DM3.17 million.

In the face of this cost explosion, only the emergency brake seemed to help. The decision planned for the fall of last year was again delayed by Bonn and Paris. That was apparently successful. The PAH-2 is now supposed to be introduced as a single system for the troops of both countries.

France's military accepts the FRG seat arrangement and the two-turbine power plant, and the FRG military planners accept the French wishes about the vision system. Development of the new system is to be begun by July of this year and "the cost overruns are to be kept as low as possible." This half-hearted formulation shows, however, that the defense ministries of both countries are not harboring any grand illusions.

It is not yet sure whether this most recent decision will receive the blessing of the Bonn parliament. CDU member Willy Wimmer indeed welcomes the fact that a "good agreement" has been reached; but the parliament must now discuss whether the PAH-2--at the time of its introduction in the middle of the 1990's--will still properly respond to the threat situation in existence at that time and will not be perhaps totally obsolete. Wimmer: "After all, parliament is not a self-service store for industry."

The protracted delay in the beginning of development also encountered criticism from military professional press representatives. WEHRTECHNIK, the journal most closely affiliated with the Defense Ministry, complained that "without further ado, to postpone a PAH-2 from 1986 (at one time) to 1990, 1992, 1995, even to 1998, would be a lousy deal."

Lousy deals are not rare in international cooperation in the area of armaments. For example, the development of a German-British-Italian self-propelled howitzer--which is now shelved--proved to be a flop. It has already cost the taxpayers DM500 million--all in vain.

There are numerous reasons for the difficulties associated with joint production of NATO weapons. All governments are in agreement only in the setting of goals. State Secretary for Armaments Manfred Timmermann lists

four main goals: political integration in the alliance; coordination of weapon systems, including logistical cost savings; realization of advantages through technology transfer; and, finally, cost reductions through larger quantities.

The transfer of these rational goals into practice has until now naturally always proven to be tedious, complicated, and often too expensive. Differing military requirements of the various national military forces are--just like variations in currency exchange rates and inflation rates which are drifting apart--the reason why joint plans failed, were delayed, and also became considerably more expensive.

According to the view of Wolfgang Bergt of the government-owned Industrie Anlagen Betriebsgesellschaft in Ottobrunn, questions of national prestige usually play a major role in armament operations. Bergt states that "give and take" is not emphasized enough in cooperation. Because each partner nation keeps an eye first upon the repercussions of a joint program upon its own economy, even the political agreement concerning basic principles takes a lot of time. Bergt also criticizes the fact that the FRG Army still has too few qualified officers who--right at the beginning of the conception of a new system--can offer sufficient knowledge to harmonize military requirements with technical possibilities in such a way that the optimum can be attained economically as well. CDU representative Willy Wimmer includes in this criticism the civil service officials in the Defense Ministry.

Military expert Wimmer also accuses the French of always emphasizing export questions during preliminary planning of weapons, because France is much more dependent upon weapon exports than is the FRG. Wimmer: "The French fly only those things which will also fly in the South American pampas. The FRG, on the other hand, orients itself toward the geostrategic situation in Central Europe."

It is hard to find a common denominator. State Secretary for Armaments Timmermann is of the opinion, however, that the bottom line for cooperation in the area of armaments can be seen. The problems "have not moved us to make less, but--on the contrary--we make much more and, in the next few years, we will carry out 60 percent of the armament projects using international cooperation and involving 70 percent of the total value of the armament projects."

The antitank helicopter, however, is not a positive example on the balance sheet of cooperation. And the greatest blame must be laid upon the FRG armament planners. The initial planning for this weapon goes all the way back to 1973/74. The social science research group SALSS in Bonn has analyzed this case and reached the following results: After an agreement between the FRG and Italy in 1973/74, the FRG got out of the project for very flimsy reasons and with an eye toward the German-French alliance. Italy, on the other hand, completed the development of its own helicopter, which has been flying for a long time and which might be suitable for the FRG Army. The advantage of the available system over

the German-French one--which will not be deployable for a long time--is mainly the price. The Italian A-129 Augusta defensive helicopter costs only about DM16 million.

Lutz Unterseher of the SALSS group explains that Bonn did not choose the cheaper Italian version because the Italian helicopter is suited only for defensive purposes. Unterseher, who has worked with cost-effective armament alternatives for a long time, sees in the Bundeswehr an increasingly powerful faction which visualizes the antitank helicopter as a type of flying battle tank, which can operate offensively in enemy territory. For this purpose, the purchase of the American AH 64 Apache attack helicopter would naturally have been much cheaper than the development and procurement of the German-French system. A purchase from America would, however, have been at the expense of the FRG aircraft industry, which is dependent upon adherence contracts.

According to the views of Unterseher, the alternatives researcher, another possibility would be the light-guided missile--which can be achieved even by FRG industry; is much cheaper; and fits much better into the political landscape surrounding disarmament because of its defensive character, but is still adequate for the threat situation. They can recognize enemy tanks at a distance of 10-15 kilometers and unerringly hit them.

The antitank helicopters cannot do this. They must approach to within 4 kilometers of their target before they can operate. With the present state of the art of munitions technology, a distance of 4 kilometers is so small that one must fear that the future PAH-2 would be shot down even before it could get close enough to shoot its own weapons. Willy Wimmer's grotesque vision of the development of a weapon system which is useless would thus be completely fulfilled.

13275/9190  
CSO: 3620/9190

## NATO'S MILITARY COMMITTEE CHIEF ASSURES ON REINFORCEMENTS

Copenhagen BERLINGSKE TIDENDE in Danish 20 May 87 p 6

[Article by Nils Eric Boesgaard]

[Text] The chairman of the NATO military committee, German General Wolfgang Altenburg, promises Denmark reinforcements--"but the main responsibility for the country's defense still rests with the Danes."

"The main responsibility for the defense of Jutland will always rest with the Danes," the West German chairman of the NATO military committee, General Wolfgang Altenburg, said at a press conference at the Værløse Airfield before he flew back after a 2-day visit to Denmark. At the same time, he rejected the suggestion that it was being considered to limit NATO reinforcements from Great Britain.

## Inspected Bornholm

General Altenburg came directly from Bornholm, where, in the presence of a large number of security forces, he had inspected the Bornholm defense forces and where he had been briefed on the island's very special situation as a NATO area deeply behind the Iron Curtain.

The German general did not find that the Danes had any reason for worry with regard to the British ideas of dismantling UKMF, the special force earmarked for reinforcement of Jutland and Schleswig-Holstein.

"All strategy is dynamic and subject to change, but the Danes may rest assured that they will not be left alone," he said.

General Altenburg declined to comment on his view of the situation of the Danish defense forces. "This is something I discuss strictly in private with the defense chief, Admiral S.E. Thiede."

Internationally, he strongly advocated nuclear disarmament in Central Europe but pointed out that this will mean an increased need for conventional forces. He pointed out that nuclear weapons first and foremost are a political weapon, and that he does not expect a war between the East and the West as long as both parties have a balanced stock of nuclear weapons.



## EX-INTELLIGENCE OFFICIAL ARRESTED FOR ILLEGAL ARMS SALES

Rome LA REPUBBLICA in Italian 18 Mar 87 P 4

[Article by Giorgio Cecchetti: "Inquiry Into Arms Trafficking Sends Former Deputy Director of SID to Prison"]

[Text] Intelligence officials, arms industry officers, and middlemen do not willingly talk about international clandestine arms trafficking, not even before a judge, and so the investigating magistrate of Venice, Carlo Mastellone, had two individuals arrested yesterday morning: 1) Air Force Major General Giannetto Ciarlini, former deputy director of SID [Defence Intelligence Service] and now one of the major consultants of Agusta, the company that manufactures munitions, and 2) Oliviero Calvino, another ex-official of that same company. Both are accused of withholding information. The judge issued a temporary warrant for their arrest.

Last month the Venetian magistrate had the Venice Digos unit confiscate some documents from Agusta's Milanese offices; he suspected that some combat helicopters manufactured by the company, now under EFIM, may have gone through Lebanon directly to Yasir 'Arafat's Palestine Liberation Organization. In fact, the so-called indirect sale is a very common practice with some munitions firms.

The mechanism is very simple: officially the weapons are sold and addressed to a country against which our government has not issued any ban, but in reality the weapons end up in the hands of nations under embargo.

Investigating Magistrate Mastellone discovered the indirect sales of the major munitions firms through an investigation into corruptions within the Italian military intelligence service, first SID than SISMI. In fact, the magistrate uncovered some instances where some of our intelligence leaders had put pressure on Italian munitions manufacturers to persuade their managers to funnel combat helicopters, aircraft and guns to "prohibited" countries.

One of the links in the complex mechanism that facilitated the practice of clandestine trade could have been actually the intelligence office responsible for the control and security of strategic arms, an office that has changed its name often, from REI (Industrial Economic Research) to SAS (Autonomous Section

of Statistics), but which has always been headed by officials who end up under investigation. The Venitian magistrate suspects that even some of the highest levels of some ministries may be involved in this mechanism.

Investigating Magistrate Mastelloni started down the road of clandestine arms trafficking after questioning Adnan Kasshogi last November on board his yacht. He is the Arab businessman involved in Irangate who also procured major sales in Agusta.

After him many other witnesses were heard including Colonal Guido Pallotta who was head of the industrial security office of the Italian intelligence during the 1970's and who was also arrested for purgery.

Yesterday it was the general's and the former official of the Milanese firm's turn. The first, as deputy director of the SID, received all communications regarding direct and indirect sale of arms, but denied knowing anything about clandestine trafficking.

The second was an expert in helicopters, and as consultant had to know in the 1970's about the passage of Agusta helicopters through the Shah's Iran to Jordan and through the Netherlands to Israel, a country to which the export of arms was prohibited. Ciarlini and Calvino have already been transferred to the Venitian jail of Santa Maria Maggiore and their second questioning is scheduled for the end of the week.

13209/13104  
CSO: 3528/106

## OFFICERS PROTEST SALARIES

Rome L'ESPRESSO in Italian 5 Apr 87 pp 6-9

[Article by Pierluigi Ficoneri: "Officers and Poverty"]

[Text] A military career requires years of preparation and managerial skills, but in exchange for this officers receive salaries they consider insufficient, and they accumulate continual frustrations. That is what is behind the largest demonstration in recent years.

Our military was sick and we knew it. Its ranks were riven with continual discouragement, frustration, disorientation and humiliation. The malaise has reached such a peak that military officers were impelled to resort to a form of protest that, although it does not involve strikes and noisy demonstrations, is certainly in conflict with the military code of justice. For the first time, in airports, garrisons, and harbor-masters' offices throughout Italy, the military refused to come to mess. In Rome, a patrol of "courageous officers" walked a picket line in front of the Quirinale palace. A protest was officially initiated in October by COCER, the Central Committee Representing the Military, but only in March did it take these concrete forms. Some 105,000 Italian officers and non-commissioned officers are asking mainly for pay and benefit improvements and to earn as much as the police. The government had made promises but, when the moment of truth came, did not keep them. The men with the swords then made their voices heard.

Defense Minister Giovanni Spadolini sought to adjust some figures and in a surprise move on Thursday 26 March presented some amendments to the decree that is being studied by the Defense Commission of the Chamber of Deputies: 1.2 million lire a year more for colonels, about 2 million in indemnities for officers and non-commissioned officers and an allocation to be made later for appointments to the police forces. But that was not enough. COCER replied immediately, "Once again the lowest ranks are being penalized. We find this unacceptable." The recent assassination of General Giorgieri has heightened tensions. Realizing that the military was a potential target of the Red Brigades, high-ranking officers found concern compounding their malaise. Although the protest was suspended for a time, it caught officers by surprise, and they had very different reactions. In the Air Force, police officials took roll at mess. In the Army, the names of absentees were referred to authorities. In Bari, at the headquarters of the Pinerolo brigade, there was even an attempt to hold an investigation, but it was quickly quashed. In general, military authorities limited themselves to following events and, if not justifying them, at least understanding the reasons for them.

The officer corps is going through an identity crisis. It is asked to accept increasingly penurious salaries, quite different from those for which it embraced a military career. In exchange it has received no professional rewards or economic recognition. Let us examine these frustrations in turn and analyze them in detail in an effort to discover their causes.

The identity crisis: Are officers warriors or managers? Gen Carlo Jean, Command and General Staff adjutant and one of the leading experts on military problems, explains, "All armed forces, including ours, have been transformed from mass organizations into high-tech organizations. In the span of a few years we went from the saber to the missile. Officers have become managers and skilled technicians." Indeed, the Defense ministry devotes about half of its 20 trillion-lire annual budget to research into new technology and to acquiring and maintaining sophisticated weapons systems. A not inconsiderable part of these funds are allocated to training technicians. For example, training a fighter pilot costs about 3 billion lire. The Defense ministry administration thus supports every effort to improve its men's technical skills. What is the cause of so much frustration? Gen Luigi Poli, head of the Army General Staff, answers, "Only 20 percent of the officers are involved in military operations as such. The other 80 percent are engaged in managerial and technical duties much like those performed by civilians." It is as though the soldier hiding in every officer has been retired. "The military," Poli explains, "is like a factory intent on constantly perfecting its production line although it does not turn out any products. Actually, the armed forces do have a product: peace through deterrence. Unfortunately, this product is not clearly visible, and this creates a sense of professional frustration in the men."

In this exasperating technological race to keep up with the times and, especially, with foreign armed forces, the human element is the first to be sacrificed. In the first 15 to 20 years of a military career, an officer spends almost 10 years studying, keeping up to date, and specializing. And he is then required continually to keep himself current in his field. "And what do we get for all that?" asks a spokesman for COCER, which has been meeting almost continuously at its headquarters at the Salviati palace in Rome in recent days. He answers, "Our reward is low prestige and starvation wages." The COCER representative's bitter remarks calls attention to the second aspect of military discontent: the economic problem.

The economic issue: officers and poverty. Senator Eliseo Milani, of the Independent Left, says, "There is something disconcerting in the recent dispute. Are they seeking to use money to make up for the officer corps' loss of prestige?" But, Milani notwithstanding, it may be objected that officers' pay is low. A few figures: a captain with 12 or 13 years of service is paid 1.4 million lire a month; a lieutenant colonel commanding a battalion is paid 1.7 million. The problems that such figures involve can be easily imagined. Ermenegildo Palmieri, a communist member of the Defense Commission of the Chamber of Deputies, says, "Many people are surprised when they find out the living conditions of a colonel in charge of a garrison. He is in command of about 1,000 men, and they have to take care of their families, too. His superiors even require that he know civilian law. To keep up to date, he has to read books, journals, go to conferences, and so forth. But that isn't all. He has to know how to solve the most complicated administrative problems and he must possess



'social sensitivity.' He must always be ready to appear in public on demand. All this for 1.6 million lire a month, a little more than a specialist for ENEL [National Electric Power Agency] gets."

Families obviously bear the brunt of this state of affairs, especially wives. One lady in Treviso, the wife of an infantry major, wrote the Defense Commission of the Chamber of Deputies: "Our life is hell. It is hard to sacrifice for an ideal that only my husband still believes in." Another, from Pordenone, says much the same: "When I agreed to marry Francesco, he was only a second lieutenant. I realized that military people have no roots. But I never thought we would be transferred seven times in 18 years of marriage. My two sons have had to change schools four times. As a consequence, the eldest has lost one year and the youngest, two." But the problems connected with this impecunious, nomadic existence do not stop there. One officer whose wife is salaried will face serious problems if he is transferred. Will he have to be separated from his wife? Will he take her with him and give up her salary? Will they have to start all over again trying to find her another job near his new post? And then there is the problem of housing. "With so little money," says an Air Force lieutenant, "it is hard to find decent housing in town. Those who have military quarters are lucky. But there is housing for only 20,000, and half of us have to make other arrangements." The nomadic life is thus often accompanied by uncertainty. The problems are endless, and complaints come in from all over. The Defense Commission of the Chamber of Deputies received a letter from a group of southern officers in Veneto signed "The Uprooted from Treviso." COCER receives hundreds of telegrams signed by majors, captains and colonels. An officer of the Ragusa harbor master's headquarters writes, "Our situation is becoming intolerable: from 0800 to 1400 hours we operate the port for the merchant marine (entries, exits, fishing, recreation, etc.), then we work for Defense, because the port is also a military installation, and finally if often happens that we have to do certifications and inspections for the judiciary. Are we then," the officer concludes, "at everybody's beck and call?"

Is it a wonder that with all these ills the career military is ready to throw off the uniform that the administration gives it every 2 years? And that brings up another problem of the military: attrition. Officers quitting. Every year there is a drain of officers and non-commissioned officers from the ranks. In the Navy and Air Force, the technologically most advanced services, about 100 people leave. All are highly specialized technicians. Pilots, mechanics, electronic technicians and shipyard workers do not resist the call of civilian industry when it rolls out the golden carpet (salaries are often three times higher). The beneficiaries are high-tech industries or shipbuilders. "When Alitalia opens its doors," says an Air Force colonel, "they tear their hair at Command and General Staff. Pilots begin to leave. That means billions of lire going up in smoke. We have to start all over again." An officer of a Sicilian harbor master's office and COCER spokesman says, "It's not easy to resist some temptations. I have a law degree and a specialty in navigation. Some consultants offered me a job. They didn't know what I make, but they offered to double it. I make 1.3 million lire a month. It would not have been any great sacrifice for them to pay me 2.6 million, but for me it would have been really tempting."



## Fair Pay: a Conversation with Umberto Cappuzzo

"In a consumer society such as the one in which we live and work, the issue of the quality of life cannot be ignored. Even for the military." This is the opinion of Gen Umberto Cappuzzo, speaking of recent demonstrations by officers and non-commissioned officers to obtain improvements in their own living standards. Cappuzzo, former commanding general of the police and former head of the Army's Command and General Staff, is currently head of the Italian diplomatic delegation to the conference on the reduction of armed forces in Europe. He has definite ideas about the economic conditions of the Italian military. He says, "Politicians have for too long been insensitive to and ignored equitable economic demands, which have been presented with truly quite restrained and civil forms of protest. They will have to start making amends, and in a hurry."

[Question] General Cappuzzo, the military feels it is imprisoned in a caste that is barely tolerated by civilian society and almost completely ignored by the main governmental agencies.

[Answer] This is at least partly true. In recent years, too much has been made of military "hardware," sophisticated weapons systems, in a word, high technology, and the human element has been almost forgotten.

[Question] How can we extricate ourselves from this situation?

[Answer] We must cease the equivocation of judging the military by the same standards as other categories of national government. It is unique. The differences must be recognized a priori.

[Question] But how can its voice be heard if it does not have a union?

[Answer] A new mechanism must be invented. More automatic forms on the model of the judiciary's, to start with. I think it is fair that military officers not have a union. The committees of representation can suffice. Provided, of course, that their requests can be heard. I am thinking, for example, of a particular system: officers and non-commissioned officers, representatives and military leaders together should bring their case to the Supreme Defense Council in the presence of the head of state.

[Question] Don't you think the time has come to change something in the organization and strategy of the armed forces?

[Answer] We are part of the Atlantic alliance. As long as our counterpart remains the Warsaw pact, our basic mission is to defend the gates of Gorizia. Of course, new events are taking place in the Mediterranean, and they must be kept under control. Indeed, there is an orientation toward the south, especially for naval and air forces, but these are local, not global situations. And they should be considered as such.

This table shows the net monthly salaries of some categories of public servants with comparable seniority

Army	Police	Judiciary	Civil Service
2nd lieutenant 1.136 million	2nd lieutenant 1.330 million	judicial auditor 1.200 million	supervisor 1st 1.182 million
captain 1.449 million	captain 1.588 million	magistrate 2.705 million	director 1st 1.760 million
lieut. colonel 1.702 million	lieut. colonel 2.235 million	councilor Court of Appeals 3.083 million	superv. director 2.300 million
colonel 2.420 million	colonel 2.735 million	magistrate Court of Appeals 4.000 million	general director 2.670 million

8782  
CSO: 3528/124

## BRIEFS

**PYRENEES MILITARY REGION DEFINED**--The Council of Ministers agreed to form the Eastern Pyrenees Military Region as of 1 January 1987. This is a continuation of the regional reorganization program decided on in 1984 as part of the META [Modernization of the Army] Plan. The new region consists of old Regions IV and V which include Cataluna and Aragon (provinces of Gerona, Barcelona, Tarragona, Lerida, Zaragoza, Huesca, and Teruel). The headquarters of the Captaincy General will be in the city of Barcelona. The traditional Captaincy of Zaragoza will be eliminated but the General Military Academy and the new Castillejos Cavalry Brigade will remain in that city. This new military region includes most of the Pyrenees so its main force will be the Urgel Mountain Division No. 4. It also includes flat areas in Aragon crossed by the Ebro, Spain's main river. This creates crossing problems so the main Army units of Pontoniers and Amphibious Sappers are in this region. With the formation of the Eastern Pyrenees Region, five new regions have now been established (see TECNOLOGIA MILITAR 12/85, p 92): Central Region, Southern Region, East Coast Region, Western Pyrenees Region (formed in the fall of 1985), and Eastern Pyrenees Region (recently constituted). Command of this last region has been given to the current captain general of Cataluna, Lieutenant General Hernandez Carreras. He commanded the Captaincy of Zaragoza before. The Military Zones of the Canary Islands and the Baleares Islands have already been established. The reorganization will be complete with the Northwest Military Region which will include Regions VII and VIII. The Jarama Cavalry Brigade and the Airborne Brigade are concentrated in them. [Text] [Bonn TECNOLOGIA MILITAR in Spanish Apr 87 p 83] 7717

**NEW PRESIDENT FOR ARMS FIRM**--Mr Juan Luis Ruiz Nunez has been named president of the Santa Barbara National Military Industries Enterprise by the Administration Council of the INI [National Institute of Industry] with the approval of the Ministry of Defense. He was appointed at the beginning of December, 4 months after the resignation of the previous president, Mr Jose Manuel Esteve Barriga. Since July 1986, Mr Ruiz Nunez has been head of operations for Santa Barbara. He was born in Bilbao 50 years ago. He is an industrial engineer from the Superior Technical School of Bilbao and has a degree in general business management. From 1963 to 1967, he worked at the Spanish Naval Construction Company (Sestao factory). In 1967 he became head of the Technical Office of CAF [Railway Construction and Auxiliary Services] and was named assistant director in 1970. In 1973 he joined RENFE [Spanish

National Railroads] where he was vice president until the middle of 1986.  
[Text] [Bonn TECNOLOGIA MILITAR in Spanish Apr 87 p 83] 7717

F-5 AIRCRAFT MODERNIZATION--MAMAT [Materiel Command] of the Spanish Air Force has announced a decision awarding a direct contract to CASA [Aeronautical Construction, S.A.] for a modified prototype of three F-5 airplanes for 140 million pesetas. These modifications basically cover the installation of new UHF communications, the introduction of IFF [Friend/Foe identification] systems, and new means of navigation through the VOR/VHF Omirange Radio and the ILS [Instrument Landing System]. The above modifications and others that might be introduced are being made because the Air Force wants to keep its F-5 planes in MATAC [Tactical Air Command] active until there is a replacement for them. The AX tactical plane project that is taking shape in the design engineering department of CASA is a candidate to replace it. [Text] [Bonn TECNOLOGIA MILITAR in Spanish Apr 87 p 84] 7717

CSO: 3548/88

## TAX REVENUE ESTIMATES REDUCED

Dusseldorf HANDELSBLATT in German 21 May 87 p 1

[Article by "sm": "DM 4 Billion Shortfall in Revenue for Bonn"]

[Text] The tax estimates study group has reduced its estimate of 1987 tax revenues by DM 9.8 billion. Federal tax revenue estimates were cut by DM4 billion, Laender estimates by DM3.7 billion, those of communities by DM1.6 billion, and EC estimates by DM0.5 billion.

The new assessment is based on an assumed GNP growth of 4 percent in 1987 and about 4.5 percent annually in 1988-1991. Using these figures as a basis, estimates for the coming years were reduced considerably compared to estimates made a year ago. The 1988 tax revenue estimate was reduced by DM15 billion. Tax revenue estimates for 1989 and 1990 were reduced by DM17.3 billion and DM18 billion, respectively.

According to the estimates, the Federal Government will have to cope with a reduction in tax revenue of DM5.5 billion in 1988, 6.9 billion in 1989 and 7.3 billion in 1990. The combined Federal, Land, community and EC tax revenue is estimated to be DM485.8 billion in 1988, DM510.3 billion in 1989, DM536.4 billion in 1990, and 563.6 billion in 1991.

In relation to these figures, Federal Finance Minister Stoltenberg explained that the Federal Government will stick to its policy of stable growth and reinforce its success in reducing the per capita tax burden through further reductions. The results of the tax estimates study, however, also underlined the need to continue to restrict increases in budget spending. Therefore, the government in the course of its medium-term financial planning, will assume a yearly increase in spending of 2.5 percent, in other words, a smaller increase than previously planned.

The new tax estimate reflects the more subdued overall economic development, the effects of price stability and the decision by the Federal Government to reduce the tax burden. As a result of the development in the first quarter of this year, "the average growth rate for 1987 may be somewhat lower than was expected at the beginning of the year," remarked the finance minister.

/6662

CSO: 3620/241



## SARDINIA SUFFERS RECORD DROUGHT

Rome LA REPUBBLICA in Italian 15 May 87 p 22

[Article by Giovanni Maria Bellu: "Record Drought in Sardinia, Nothing Like It in 40 Years"]

[Text] The water shortage is very serious; reservoirs are half empty; the Civilian Protection Agency intervenes. La Maddalena is being supplied by tanker ships.

Cagliari-Regional technicians say there is nothing like it in their records. The water shortage is the most serious in the last 40 years. No earlier data exist, but the oral tradition of the countryfolk indicates only one year that may have been as bad: 1913. One thing is certain: in some of Sardinia's main agricultural areas, it has not rained since last fall.

## The Rains of Autumn

Autumn brought extremely violent cloudbursts. They were concentrated in Ogliastra, a region in the southeastern part of the island that does not have adequate water resource management facilities. These rains alone caused enormous damage to the countryside, killed three people and required intervention by the Civilian Protection Agency.

Paradoxically, the total rainfall is no less than in previous years, but Sardinia's chaotic hydrographic table and an unfortunate distribution of rainfall have resulted in inadequate reserves.

The regional government has asked the Ministry of Agriculture to take immediate steps to declare a state of "agricultural disaster." The Civilian Protection Agency will also have to take on an unusual task: preventing billions of lire in damage to crops and livestock. Grain, tomatoes, beets and even grapes are at risk. In some areas of Capidano, Oristanese and Sassarese, the loss of the entire harvest is now considered inevitable.

Regional President Mario Melis and Environmental Assessor Giorgio Carta asked in Rome on Wednesday that the Civilian Protection Agency be brought in. In Zamberletti, Sardinian administrators described a very serious situation: half-empty reservoirs, dried-up rivers, and parched fields that will be easy prey for summer fires. "We have already decided," said the Environmental assessor, "to intensify fire watches in the forests. With the fields in such a state, one windy day could cause enormous dam-

age." The Civilian Protection Agency has promised to take action. A national government-regional committee will be formed to coordinate emergency relief measures.

But other people have intervened in recent weeks: speculators. A lack of forage has caused feed prices to soar. Agriculture Assessor Gesuino Muledda has confirmed that the cost of fodder in Sardinia has reached prices almost double those of Italy, where the average is 16-17,000 lire a quintal. The government will try to remedy the situation: initial estimates are that at least 100 billion lire will be needed to keep tens of thousands of sheep and cows from starving. But some areas have already taken drastic measures: livestock are being slaughtered and the carcasses stored in special depositories.

In the Tirso valley of Oristano province, sufficient water will be available only till 15 July. Only 90 million cubic meters are currently available. The fact that 190 million cubic meters of water were used last year shows how serious the situation is.

In Nurra province, 8 million cubic meters of water are available for irrigation whereas 20 million cubic meters are needed. It is estimated that the Liscia reservoir, which serves the territory of Olbia and the Emerald Coast, will be severely depleted by 30 September unless something happens or is done.

#### Tankers for La Maddalena

In Flumendosa province there are presently about 280 million cubic meters in reserve, 100 million less than last year. There is enough water for agricultural use till November. In Suis-Iglesiente, the Coghinis reservoir is at 22 percent of normal. Some towns are already in a state of emergency: at La Maddalena, the navy has shipped in water by tanker. Rationing now seems inevitable in the hardest-hit areas. Emergency action by the regional and national governments includes drilling new wells and building pumping stations to bring in water that normally stays in the bottoms of lakes and behind dams.

8782  
CSO: 3528/124

## UNEMPLOYMENT REACHES RECORD LEVEL IN 1987

Lisbon O JORNAL in Portuguese 22 May 87 p 4

[Text] Unemployment reached an all-time high at the end of the month of January. According to the figures released by the Job and Vocational Training Institute, there were 380,331 persons unemployed. There were only 121,123 (31.8 percent of the total) receiving unemployment compensation.

The unemployment curve, which had shown a slight decline after April of last year, rose again in January of this year, exceeding the 380,000 mark for the first time. In comparative terms, there was an increase of 3.3 percent over the preceding month (the biggest jump in the past 16 months), and 4.9 percent as compared to the January 1986 figure. In a comparison with the month of October 1985 (when Cavaco Silva took office), the increase was 9.8 percent, representing 33,986 jobs lost in 16 months, meaning that an average of about 70 persons became unemployed every day.

As to those receiving unemployment compensation, the total was 121,123 persons, a figure below 32 percent of the total.

The increase over December was 2.9 percent. The increases in unemployment compensation over January 1986 and October 1985 (first month of the Cavaco Silva "era") were 21.6 and 38.7 percent, respectively.

The increase in unemployment seen in January was widespread. However, it was greatest among women (up 3.6 percent from December) and those seeking their first jobs (up 5.5 percent). Currently, 53.8 percent of those unemployed are female. On the other hand, 16.6 percent of those unemployed are seeking their first jobs.

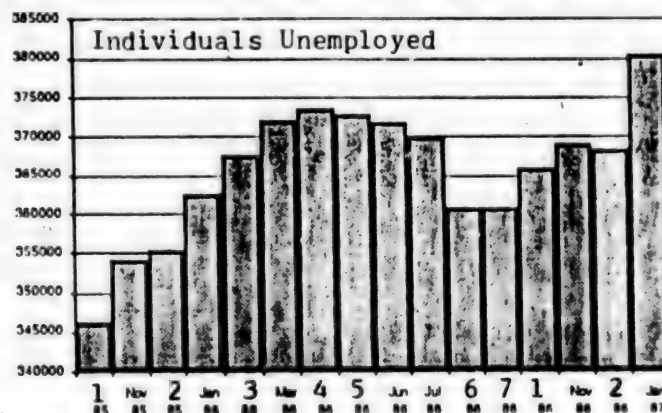
Although unemployment is greater among women, only 44.2 percent of those collecting unemployment compensation were female.

Regionally, the sharpest increase (on the continent) was seen in Alentejo and the Algarve. However, the main "bands" of unemployment were seen in Lisbon and the Tagus Valley (39.6 percent of the total) and the North (30.4 percent).

The IEFP explains the increase in unemployment in part by the substantial decrease in the special programs to combat unemployment. Only 2,003

individuals were involved in such programs in January, as compared to 21,760 in December. However, the IEPF also emphasized that the number of unemployed persons enrolled in January (20,309) was much higher than the average for the past 12 months (15,000).

Development of Unemployment Under the Cavaco Silva Government



Key: (1) Oct; (2) Dec; (3) Feb; (4) Apr; (5) May; (6) Aug; (7) Sep.

Source: Monthly report of the Job and Vocational Training Institute.

5157

CS0:3542/101

## FAMILY SAVINGS INCREASING, CONTRIBUTING TO INVESTMENTS

Lisbon DIARIO DE NOTICIAS/ECONOMIA in Portuguese 18 May 87 p 3

[Text] The savings of Portuguese families, both residents and emigrants, seems to be going into investments now (according to the trend seen in 1985) after being almost exclusively channeled into financing the deficits of the public sector (administration and public enterprises) between 1983 and 1985.

This is one of the conclusions to be drawn from a study which has been published by the BPA on the use of family savings to finance the Portuguese economy. This study says that during the 3 years in question, the foreign contribution (remittances from emigrants and foreign loans) to the financing of investments was on an average more than 41.5 percent, "showing a high level of dependence by the Portuguese economy on funds coming from abroad."

Moreover, the values reported for the last year under analysis, 1985, show a substantial improvement in a general comparison, with a decline in the dependence of our economy for financing on the remittances of our emigrants, since their contribution to total family savings dropped from an average of 35 to 30 percent, while there was an increase in the volume of savings generated domestically and used for financing investments (with values exceeding 75 percent).

In view of the fact that the values reported are an approximation of the reality--this is because of the difficulty in establishing exactly what part of the remittances of the emigrants are spent on consumption, invested or put into savings--there nonetheless remains no doubt that a very sizable volume of family savings (that of residents and emigrants) did not go into productive investments, but was used to cover the current deficit of the state and the nonfinancial public enterprises (benefiting residents, but not the emigrants).

## Families Save, State Spends

Throughout the 3 years under study, family savings maintained a stable value at about 27 percent of the domestic product generated.

This level, according to the BPA study, can be regarded as high, in international terms. Bearing in mind, however, that what is wanted is to know what part of this sum the families made available to the various sectors of



the economy, it is necessary to deduct the investment in housing, so that we then reach the conclusion that for the 3 years in question (1983 to 1985) overall, families contributed 20 percent of the PIB to the financing of the various sectors.

During this period, the public sector, in the broad sense of the term (administrative, productive and financial) needed funds in the amount of about 18 percent of the domestic product, that is, as we said earlier, a little less than the equivalent of family savings.

Where either public or private investment is concerned, a constant decline in relation to the product could be seen. Public investments dropped from 21 to 15 percent of the PIB, while private investment dropped from 10.2 to 6.6 percent, but the development of the financing needs of the two sectors differed. The surplus in the private sector increased (from 1.1 to 6.9 percent), enabling it to reduce its overall deficit and even to emerge with a positive balance in 1985, while the public sector's need for funds increased, both for investment and to cover its rising current deficits (which increased from 4.6 to 10.9 percent of the PIB).

5157

CS0:3542/101

## BRIEFS

MORE ON PREFERENTIAL TRADE SYSTEM--The Economic Cooperation Organization [ECO], comprised of Turkey, Iran, and Pakistan, has decided to establish a preferential trade system in a bid to increase economic cooperation between the three countries. The ECO Supreme Council meeting, at which Turkey was represented by Foreign Ministry Under Secretary Nuzhet Kandemir, ended in Tehran today. According to information supplied by the ECO Secretariat, during the meetings the parties decided to establish an economic investment and development bank. Decisions previously adopted at the organization's subcommittees on subjects such as the more effective development of the transportation routes and telecommunications between Turkey, Iran, and Pakistan were also endorsed during the meetings. It was further agreed that the next meeting of the ECO Supreme Council will be held in Turkey in March 1988. [Text] [Ankara Domestic Service in Turkish 2000 GMT 9 Jun 87 TA] /12858

CSO: 3554/265

## RETURNED EXPEDITION REPORTS ON ANTARCTIC STAKE

Rome LA REPUBBLICA in Italian 12 Mar 87 p 17

[Article by Guiseppe D'Avanzo: "Sixty-four men on Amundsen's path--Antarctica, a region of Italy"; first paragraph is introductory statement.]

[Text] The outpost, which encompasses a camp of blue prefabricated buildings with red roofs, will allow our country to join the restricted club that in 1991 will decide the future of the sixth continent. A "frozen cake" sought after my many. The protagonists' story. ENEA backing.

Italy has a twenty-first region. It is thousands of miles south of Cape Passero, in Antartica, Terra Nova Bay, the Ross Sea. For those who love accuracy, it is alone the coast of the Northern Foothills, 74 41' 42" 164 07' 233"E. Italy's stake in the sixth continent encompasses a camp of blue prefabricated buildings with red roofs, 650 square meters, with 12 cabins for lodgings, dining hall, storage, infirmary, and scientific laboratories.

The 62 men and two women who "conquered" the region returned last week from an expedition which began operation 17 December. With faces still sunburnt from the long polar day, all were together in the ENEA conference room yesterday to talk about a mission that will give Italy a golden opportunity.

## Well-Earned Pride

Minister of Scientific Research Luigi Granelli, bursting with "well-earned" pride, was on hand to say a few workds. "With this second and final expedition we have reached our political-diplomatic goal: to join the antartic advisory committee." Italy entered the race late," added ENEA President Umberto Colombo, "but recovered most of the lost ground."

The eleventh hour recovery, which has cost 28 billion so far, will allow Italian representatives to sit with the Scientific Committee of Antarctic Research (SCAR) in 1991. This committee is made up of governments with the power to decide the fate of the continent. The necessary prerequisite for joining the exclusive SCAR is the construction of a permanent scientific base. "Now we have four automatic meteorological stations down there which send us data via satellite, and in the future we expect to receive radiometric data on high atmosphere, and oceanographic data on the environment," announced

Colombo. The laboratory is the key to opening the door to SCAR, always closed to Italy until now, upon which the future of Antarctica depends. It is a "frozen cake" sought after by many. It is enough to list its basic ingredients: 300 deposits of iron, 300 of other basic minerals, 160 of precious metals. In addition, 50 billion barrels of oil in the Ross Sea, 115 trillion cubic meters of methane off the Amery Ice Shelf, not to mention the coke in the Ellsworth Mountains and along Queen Maud Land. Continue with gold, copper, cobalt, titanium, molybdenum, platinum, uranium, chrome, manganese, nickel, lead, zinc, tin, potassium, phosphate. And last but not least, the krill, a 7 centimeter long crustacean that alone is the richest harvest of natural proteins in the world's oceans. It is the food of the future and it is possible to fish from 75 to 100 million tons per year from antarctic waters.

"Italy" Colombo explains "has only scientific and technical interests, Antarctic is in this sense a unique territory. It is the most important scientific laboratory in the world where scientific research focuses and concentrates on the complexity of all the earth sciences."

#### The Most Important Laboratory

The President of ENEA--the company that along with CNR and the cooperation of the Armed Forces saw the project through the completion--illustrated the research possibilities offered by the continent, acknowledging to the Greenpeace environmentalists the validity of their proposal to make it a world park for experimentation. Only in Antarctica will it be possible to study the threat of the effect of chlorofluorocarbon molecules (coming from refrigerators, air conditioners, and aerosol spray) which at the South Pole have made a "hole" in the ozone layer of the atmosphere that protects planetary life from the ultraviolet rays of the sun. "The overheating of the atmosphere's temperature which destroys the ozone and prevents the dispersion of heat"--explained Colombo--"is no longer just theory. The effect on the climate caused by the chlorofluorocarbons is getting dangerously close to those caused by carbon dioxide. And Antarctica, the climate regulator for the entire planet, can only suffer. A few decades would be enough to melt the floating ice with catastrophic results. The ocean level would rise by six meters if only the western part of the antarctic cap were to melt."

In the ENEA conference room, there was only one catchphrase: "do away with myths." Thus, the navymen were ready to admit only that they had had a mystical preoccupation. Among the mysteries of the Antarctic, there is one that inevitably recurs: every second expedition has had a victim. "Fortunately, we also shattered this myth. Antarctica is not paradise but, in short, we are less protected from the cold here in Rome than in Terra Nova Bay," smiled Andrea Tortora, the expedition's doctor.

"Dear God, this is a horrible place."

According to the pioneers of the Antarctic, the enormous block of ice, 14 million square kilometers swept by magnetic storms, blizzards (20 to 300 per hour), average temperatures between 40 and 60 degrees below zero, are surmountable

obstacles. In retrospect, their recollection of these hardships is that they were not of epic proportions. Centuries seem to have passed since that January in 1912 when Captain Robert Scott, who was beaten in the race to the Pole by Amundsen and who died in his tent from scurvy, frostbite and psychological exhaustion, noted in his diary, "Dear God, this is a horrible place."

"I want to remind you"--explained project manager Celio Vallne--"that we were in central Victoria in full summer. The average temperature oscillated around zero, occasionally climbing to 10 degrees. We only encountered minus 12 degrees at 3000 meter evaluations. It was necessary to beware of the blizzard, a wind that reached 300 kilometers."

The "joker" of the group, who livened up the antarctic nights with witty remarks quips and jokes, is from Arezzo, Lieutenant Paolo Giannetti. "We did not have any particular difficulty. What is lacking most at the South Pole is color. Down there everything lives in a black and white film."

13209/13104  
CSO: 3528/106



## SOCIOLOGISTS SEE ADVANTAGES IN EXPATRIATES' RETURN

Lisbon O JORNAL in Portuguese 15 May 87 p 18

[Article by Fernando Dacosta]

[Text] A team of sociologists at the Institute of Developmental Studies, which analyzed the phenomenon of the expatriates' return several years ago, has just confirmed the important role played by these Portuguese citizens in the recovery of the country, in a work which will be released within a few days.

Statistically younger, more dynamic, educated, experienced and ambitious, the citizens returning from Africa have in a few years changed their location and their thinking, their relationships and the environments in which they lived. Their participation has even become a phenomenon of great importance to Portugal, in contrast to what has been observed in other countries, such as France and the Netherlands, which are still experiencing adjustment problems in connection with the inhabitants of their former colonies.

The work in question, which was coordinated by Rui Pena Pires and in which Jose Maranhao, Joao Quintela, Fernando Moniz and Manuel Pisco participated, with supervision by Manuela Silva, is the first study of this phenomenon made by a team of experts on a scientific basis. This is a phenomenon (the return from Africa and from emigrant status) which is as important (in terms of change) today as their departure was in the past.

#### Links with Their Origins

"Their return represents a singular change on the democratic level, in a country which has been characterized for centuries by the extent of vast emigration movements," Pena Pires wrote.

Rejecting the "catastrophic content" many predicted because they would be "an excessive burden in terms of national resources," the return of the Portuguese expatriates contributed in the end "to offsetting the regressive trends" among our people which were being seen then.

The "reorganization of the social hierarchy," the spread of "more businesslike concepts in the realm of economic activity," the "greater liberalization of

customs, mainly among the younger strata" and the "adoption of different aesthetic directions and new uses of language" are some of the consequences of this population movement.

The majority of the adult returnees were "born in Portugal," from which they emigrated to the colonies, "mainly in the 1950s and 1960s," so that their links with their origins remain strong "on the family level in particular." On the other hand, their return came about "in a period when great changes were occurring in the country," which led to "profound adjustments in the structure of the labor market," while the "major withdrawal of the traditional investors" meanwhile opened up "space for the business undertakings of new agents." In this connection, "The intervention of the state through the implementation of a vast complex of measures was basic." These measures included the "establishment of the general assistants' roster" and the "granting of credit under special conditions."

At the same time, "Various movements which changed cultural patterns were developing in the country" in an atmosphere of "openness favoring the absorption of new lifestyles, values and cultural products."

#### Majority from Angola

On the basis of the 1981 census, the authors of the study (to be published in the notebooks of the TED) estimate that there are among us 505,087 returnees, defined as "individuals who gave Angola, Mozambique or another former colony as their residence on 31 December 1973."

The figure given is different, as can be seen, from those mentioned earlier by the mass media, the IARN, etc., which referred to between 800,000 and 1 million, since it is also necessary to include those who settled outside Portugal, those who died, those who were not counted in the new census, and those born since that date.

Curiously, "Almost two thirds came from Angola (61 percent), 33 percent from Mozambique and 6 percent from the other former colonies." Angola "exerted the greatest attraction," since it has experienced "a speedy process of economic development without parallel in the other former colonies since the beginning of the colonial war."

About 60 percent were born in Portugal, 32 percent in the North, 36 percent in the Center, 20 percent in the Lisbon region, 9 percent in the South and 4 percent in the islands.

This explains why the departure for the colonies involved "a substantial number of individuals who, unlike those who emigrated to Europe, were highly qualified and in a better socioprofessional situation than the majority of the Portuguese population."

#### Sentimental Ties

On their return, they have settled by preference in the regions from which they came (53 percent), for reasons of family solidarity, employment

opportunities and sentimental ties. The largest numbers took up residence in the metropolitan areas of Lisbon, Oporto and Setubal, along the North-Center coast, beyond the mountains in the North, in the interior of Beira and on the coast of the Algarve. "A third settled in Lisbon alone."

The support provided by family members and friends was more important than that provided by government bodies. These bodies channeled their aid through such programs as the CIFRE (20 million contos for the creation of 65,000 jobs, the launching of enterprises, the implementation of projects and the financing of industrial and trade establishments and farm operations), as well as housing credit as such (827,752 contos). Caritas sponsored credit lines for the creation of jobs, the IARN housing projects, etc.

#### Better Qualified

The returnees represent a population "with better qualifications, not only than the population which left the country, but also than the balance of the Portuguese population." A "large percentage of them have completed middle- and higher-level professional training."

"The problem in the African colonies did not lie in the lack of a cheap labor force, but in the need for skilled manpower, and in particular, for middle- and higher-level technicians." On the other hand, in view of the "social status enjoyed there by the white population, their descendants had excellent educational opportunities. It can be seen today, moreover, that "The level of education on the secondary and higher levels among the returnees of school age is twice that of the balance of the resident population."

This led to "a general increase in skilled manpower in certain sectors," as well as an "outstanding role for many returnees in leadership posts, both on the professional level and [line or lines missing from end of text of original].

5157

CSO:3542/101

END

**END OF**

**FICHE**

**DATE FILMED**

August 14, 1987

D.S.